



EUROPEAN PARLIAMENT

Progress towards European integration

**Survey of the main activities of the
European Parliament**

JULY 1987 - JUNE 1988

DIRECTORATE GENERAL FOR RESEARCH

NOTE TO THE READER

Like its predecessors, this study, covering the period from July 1987 to June 1988, gives an account of the European Parliament's activities and attempts to place the latter in the more general context of European integration. It was completed on 15 July 1988.

Special attention has been paid in this year's issue to Parliament's response to the challenge posed by the cooperation procedure and the new policies contained in the Single European Act.

Readers will find background information on all the Community's activities in the 'Fact Sheets', the fourth edition of which is due to be published in autumn 1988 (PE 122.000).

These two series of studies may be said to complement each other, given that one summarizes the activities of the Community since its establishment while the other recounts in detail the activities of the European Parliament in a particular year. To facilitate cross-referral between the two, the subject headings - most notably in the discussion of the various common policies - have wherever possible been arranged in identical order.

This document does not necessarily reflect the views of the European Parliament as an institution.

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SUMMARY STATISTICS OF THE EUROPEAN COMMUNITY (1986)

| | B | DK | D | GR | E | F | IRL |
|--|-----------|--------|---------|--------|---------|---------|--------|
| Population (mn) | 9.9 | 5.1 | 61.1 | 10.0 | 38.8 | 55.4 | 3.6 |
| GDP per capita (PPP - (Purchasing Power Parity) | 13,883 | 16,025 | 15,702 | 7,670 | 9,893 | 15,042 | 8,537 |
| Industrial production (percentage change) | +0.8 | +4.2 | +2.1 | -0.2 | +3.1 | +0.5 | +2.7 |
| Consumer price index(1) (percentage change) | 1.4 | 4.1 | 1.0 | 15.7 | 4.7 | 3.1 | 3.1 |
| Total unemployment (%) (1) | 12.2 | 7.6 | 8.1 | 7.4 | 21.5(2) | 11.2 | 19.2 |
| Youth unemployment(1) (- 25 yrs; % of total) | 32.0 | 23.3 | 21.6 | 28.5 | 42.4 | 31.7 | 30.0 |
| Social protection(3) (percentage of GDP) | 29.4 | 27.5 | 28.7 | : | 17.0 | 28.5 | 23.9 |
| Steel production ('000 tonnes) | 9,713 | 632 | 37,134 | 1,009 | 11,906 | 17,670 | 208 |
| Automobile production ('000) | 258 | 0 | 4,311 | 0 | 1,282 | 2,773 | 0 |
| Intra-Community Trade Balance (mn ECU) (1) | +951(4) | -1,034 | +26,211 | -3,080 | -3,514 | -14,624 | +1,750 |
| Extra-Community Trade Balance (mn ECU) (1) | -1,974(4) | -1,188 | +30,558 | -2,566 | -5,682 | +2,449 | +239 |

(1) 1987.

(2) 1986.

(3) E, D and EUR12: 1982; F, L and NL: 1983; DK, IRL and I: 1985.

(4) Incl. L.

Sources: EUROSTAT; Commission.

Verband der Automobilindustrie E.V., Frankfurt a.M.

| | I | L | NL | P | UK | EUR12 |
|---|--------|--------|---------|--------|---------|----------|
| Population (mn) | 57.2 | 0.4 | 14.6 | 9.7 | 56.8 | 322.4 |
| GDP per capita (PPP) | 14,037 | 17,326 | 14,527 | 7,196 | 14,158 | 13,639 |
| Industrial production (percentage change) | +3.2 | +2.7 | +0.3 | +4.7 | +1.9 | +2.0 |
| Consumer price index(1) (percentage change) | 5.2 | 0.7 | 0.2 | 8.9 | 3.7 | 3.2 |
| Total unemployment (%) (1) | 14.2 | 1.7 | 11.9 | 8.5(2) | 10.8 | 11.5 (5) |
| Youth unemployment(1) (- 25 yrs; % of total) | 46.6 | 38.6 | 33.0 | 36.4 | 33.4 | 35.6 |
| Social protection (3) (percentage of GDP) | 23.4 | 26.5 | 33.7 | 14.3 | 24.1 | 26.1 |
| Steel production ('000 tonnes) | 22,883 | 3,705 | 5,283 | 710 | 14,769 | 125,613 |
| Automobile production '000 | 1,652 | 0 | 119 | 0 | 1,019 | 11,415 |
| Intra-Community Trade Balance (mn ECU)(1) | -4,790 | (4) | +12,352 | -1,746 | -12,972 | -495 |
| Extra-Community Trade Balance (mn ECU)(1) | -2,960 | (4) | -11,926 | -1,991 | -7,985 | -688 |

(1) 1987.

(2) 1986.

(3) E, D and EUR12: 1982; F, L and NL: 1983; DK, IRL and I: 1985.

(4) Included in the B-figure.

(5) Estimate

Sources : EUROSTAT; Commission

Verband der Automobilindustrie E.V., Frankfurt a.M.

EXCHANGE RATES

VALUE OF THE ECU

21st June 1988

1 ECU in national currency units

| | | | |
|-------------------------|----------|--------------------|--------|
| Belgian and) con. | 43.50 | Portuguese escudo | 169.52 |
| Luxembourg franc) fin. | 43.73 | US dollar | 1.18 |
| German mark | 2.08 | Canadian dollar | 1.43 |
| Dutch guilder | 2.38 | Swiss franc | 1.73 |
| Pound sterling | 0.66 | Swedish krona | 7.21 |
| Danish krone | 7.90 | Norwegian krone | 7.53 |
| French franc | 7.01 | Austrian shilling | 14.62 |
| Italian lire | 1 542.39 | Finnish markka | 4.92 |
| Irish pound | 0.77 | Japanese yen | 149.51 |
| Greek drachma | 166.39 | Australian dollar | 1.44 |
| Spanish peseta | 137.29 | New Zealand dollar | 1.65 |

Source : Official Journal C 163, 22.6.1988

VALUE OF THE US \$

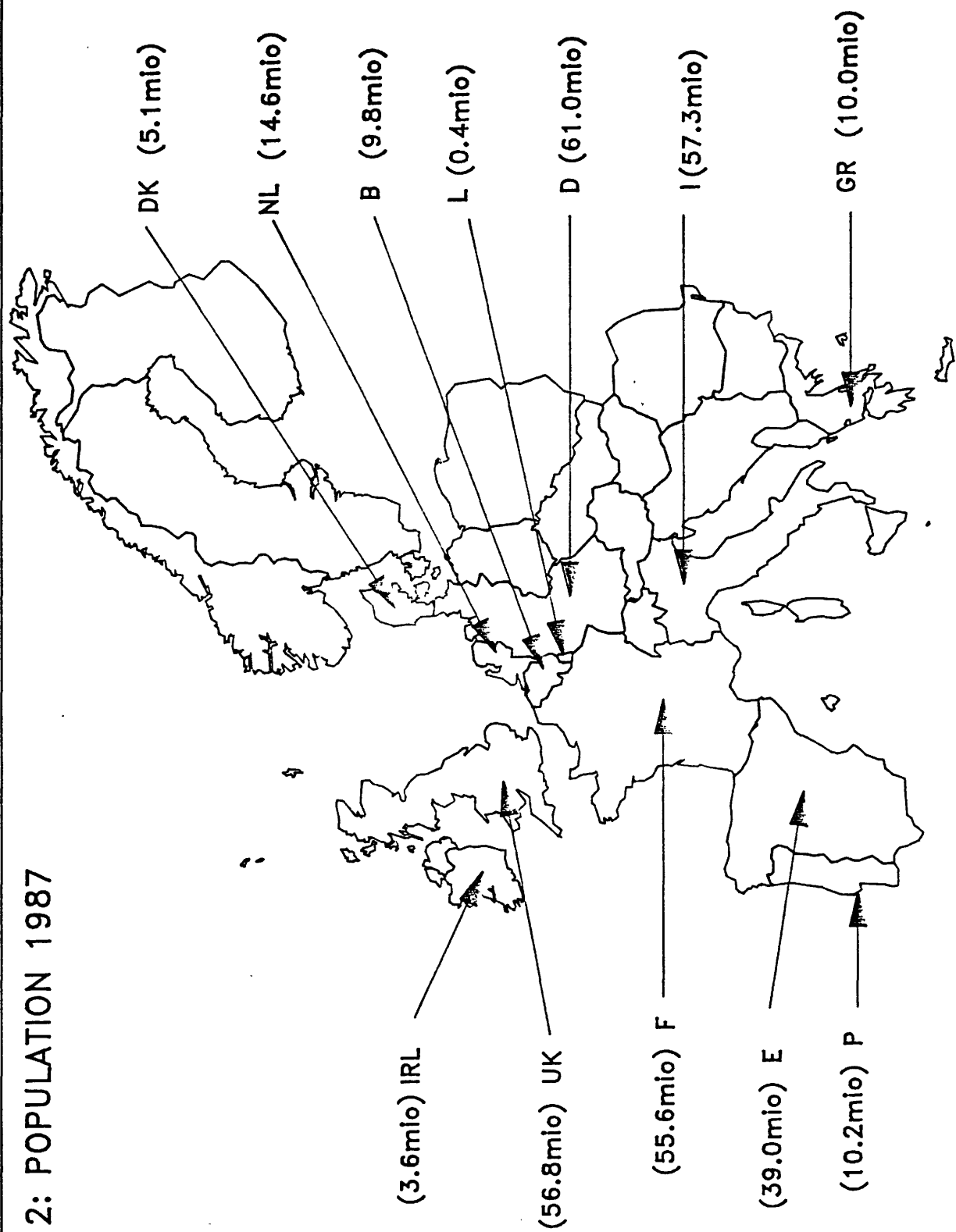
11th July 1988

1\$: ... national currency units

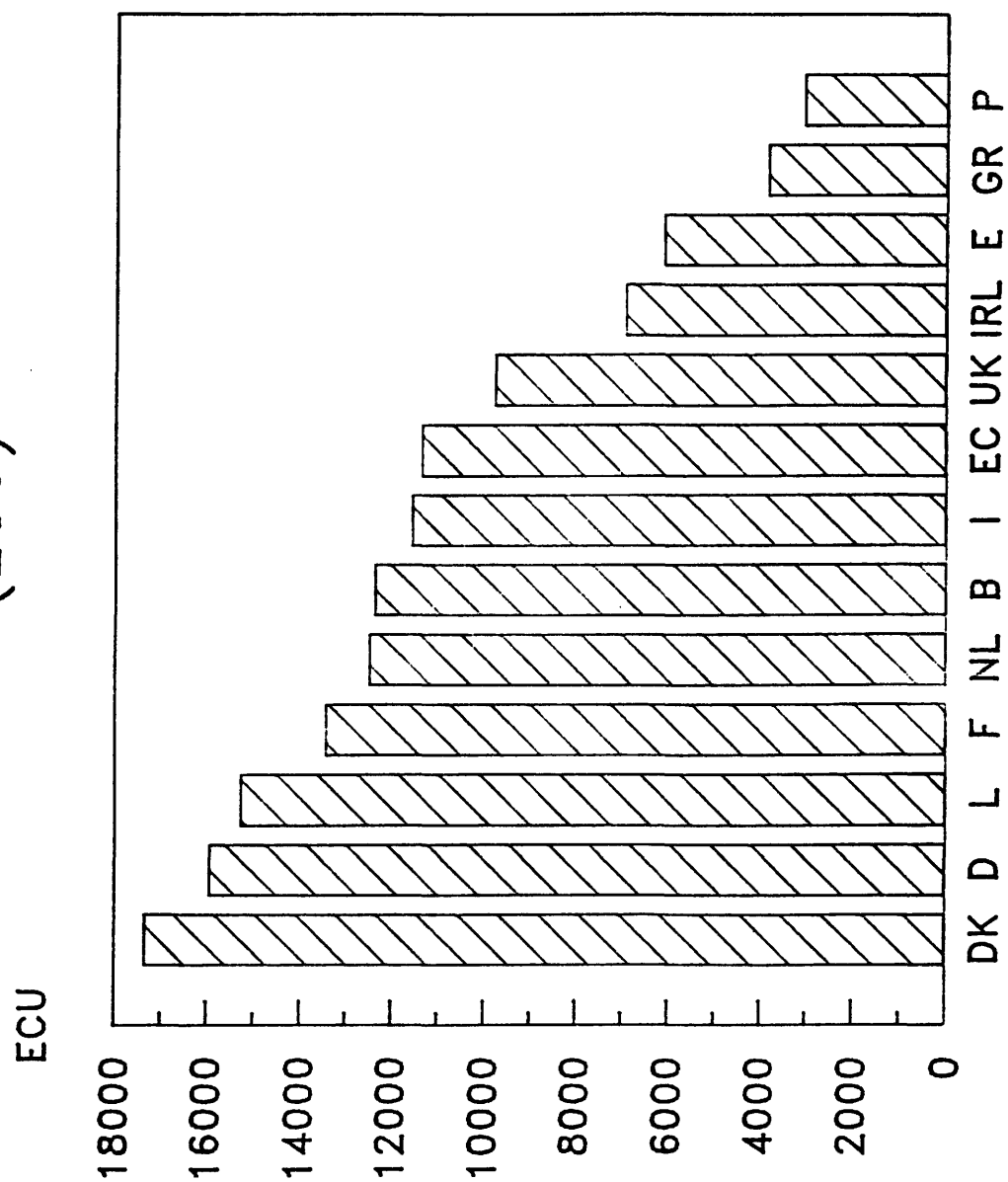
| | | | |
|-------------------------|-------|-------------------|----------|
| Belgian and) con. | 38.65 | French franc | 6.21 |
| Luxembourg franc) fin. | 38.95 | Italian lire | 1 367.71 |
| German mark | 1.85 | Irish pound | 0.69 |
| Dutch guilder | 2.08 | Greek drachma | 148.22 |
| Pound sterling | 0.59 | Spanish peseta | 122.20 |
| Danish krone | 7.03 | Portuguese escudo | 149.75 |

Source : Financial Times, 12.7.1988

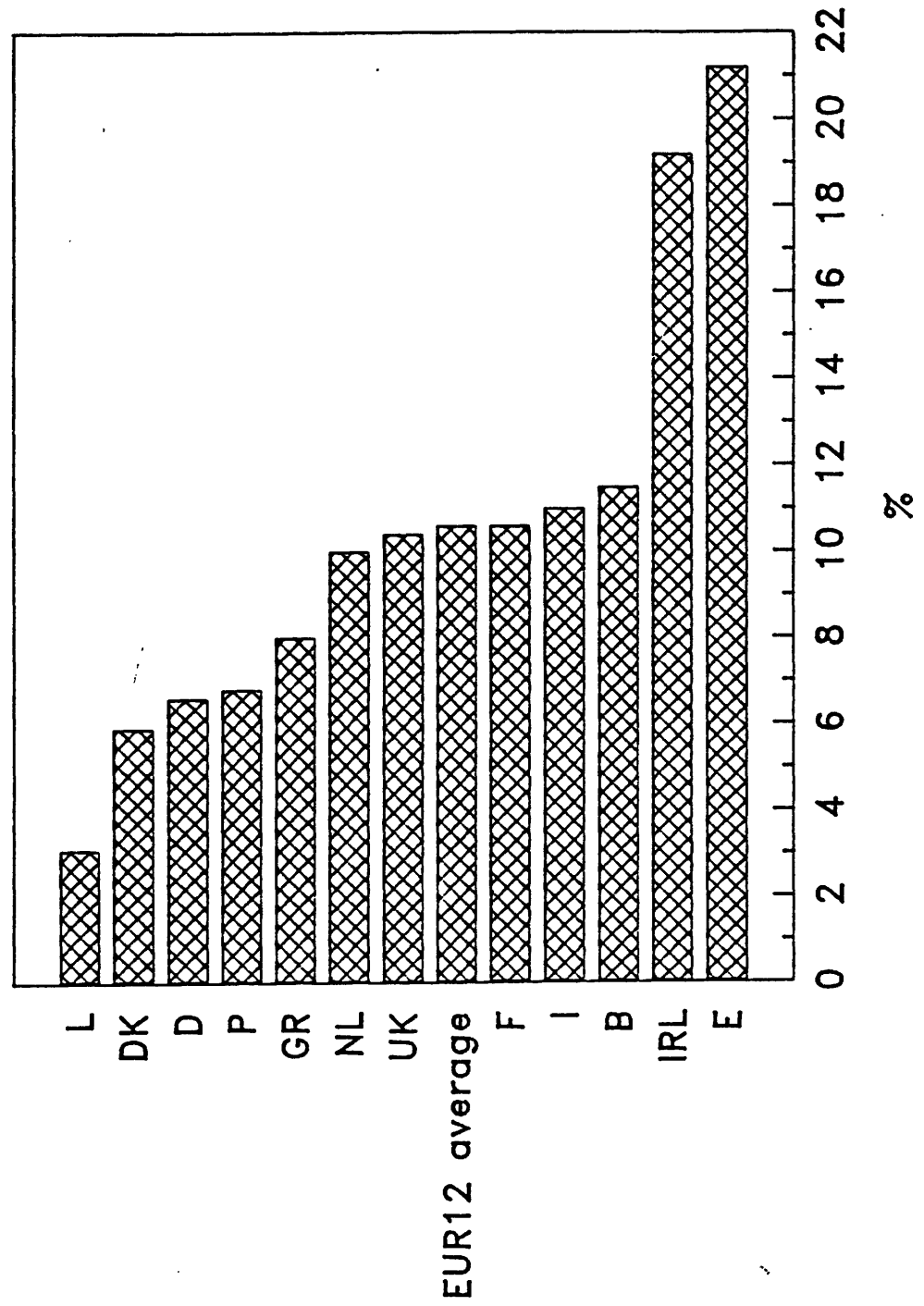
EUR 12: POPULATION 1987



EUR12: GDP PER CAPITA, 1987 (ECU)



EUR12: UNEMPLOYMENT RATES, 1987 (%) (Annual averages)



June 1988

DISTRIBUTION OF SEATS IN THE EUROPEAN PARLIAMENT

| GROUPS(*) | TOTAL | B | DK | D | F | GR | IRL | I | L | NL | UK | E | P |
|-----------|-------|----|----|----|----|----|-----|----|---|----|----|----|----|
| S | 165 | 8 | 3 | 33 | 20 | 10 | - | 12 | 2 | 9 | 33 | 28 | 7 |
| PPE | 115 | 6 | 1 | 41 | 10 | 8 | 6 | 27 | 3 | 8 | - | 1 | 4 |
| ED | 66 | - | 4 | - | - | - | - | - | - | - | 45 | 17 | - |
| COM | 48 | - | 2 | - | 10 | 4 | - | 26 | - | - | - | 3 | 3 |
| LDR | 44 | 5 | 2 | - | 12 | - | 1 | 6 | 1 | 5 | - | 2 | 10 |
| RDE | 29 | - | - | - | 19 | 1 | 8 | - | - | - | 1 | - | - |
| ARC | 20 | 4 | 4 | 7 | - | - | - | 2 | - | 2 | - | 1 | - |
| DR | 16 | - | - | - | 9 | 1 | - | 5 | - | - | 1 | - | - |
| NI | 15 | 1 | - | - | 1 | - | - | 3 | - | 1 | 1 | 8 | - |
| TOTAL | 518 | 24 | 16 | 81 | 81 | 24 | 15 | 81 | 6 | 25 | 81 | 60 | 24 |

PE 122.600

(*) FULL NAMES OF POLITICAL GROUPS

S: Socialist Group

PPE: Group of the European People's Party (Christian-Democratic Group)

ED: European Democratic Group

COM: Communist and Allies Group

LDR: Liberal and Democratic Reformist Group

RDE: Group of the European Democratic Alliance

ARC: Rainbow Group: Federation of the Green-Alternative European Link, Agalev-Ecolo, the Danish People's Movement
against Membership of the European Community and the European Free Alliance in the European Parliament

DR: Group of the European Right

NI: Non-attached

PARLIAMENTARY WORK
JULY 1987 - JUNE 1988
(resolutions and decisions adopted)

| Part-session | Normal consultation (one reading only) | Cooperation procedure(*) consultation (Single Act) | Assent (Arts 237/238 EEC Treaty) | Rules 63/121 Rs of Proc. (own-init. reports) | Rules 56/58 Rs of Proc. (resol'ns after oral statements & questions) | Rule 64 Rs of Proc. (urgent resol'ns) | Budget procedure | Misc. decisions & resol'ns |
|-----------------------------|--|--|----------------------------------|--|--|---------------------------------------|--------------------------------------|----------------------------|
| <u>1987</u> | | | | | | | | |
| July | 6 | 3(I) | - | 12 | 3 | 8 | 2 | 1 |
| September | 5 | 7(I) | 10 | 14 | 3 | 15 | - | 2 |
| October (I) | 15 | 1(I) | - | 15 | 2 | 16 | 1 | 1 |
| October (II) | 16 | 1(I) | - | 5 | 4 | 11 | 3 | 1 |
| November | 13 | 6(I)/4(II) | - | 4 | 1 | 12 | 2 | 1 |
| December | 23 | 2(I)/2(II) | 10 | 6 | 9 | 11 | 1 | 3 |
| <u>1988</u> | | | | | | | | |
| January | 8 | 1(I) | 2 | 8 | 4 | 8 | 3 | 1 |
| February | 2 | 1(I)/7(II) | - | 4 | 7 | 9 | 1 | 1 |
| March | 13 | 7(I)/5(II) | (3)** | 12 | 3 | 10 | 1 | 1 |
| April | 13 | 2(I)/2(II) | - | 4 | 1 | 15 | 7 | 3 |
| May | 15 | 5(I)/3(II) | - | 8 | 3 | 16 | 5 | - |
| June | 17 | 1(I)/6(II) | 3 | 15 | 3 | - | 8 | 2 |
| Total | 146 | 37(I)/29(II) | 25 | 107 | 43 | 131 | 34 | 17 |
| Total July 1986 - June 1987 | 136 | - | - | 166 | 32 | 161 | included in the consultation figures | 8 |

* I : first reading; II : second reading

** Parliament decided not to give its assent

INTRODUCTION

The year from July 1987 to June 1988 has proved to be one of the most exciting in the history of the Community and of the European Parliament. One need go no further than to quote the words of Mr Jacques Delors, President of the Commission, to the European Parliament in July 1988:

'In the six months from January to June 1988 the Community has taken more decisions than in the ten years from 1974 to 1984.'

While many of these decisions were prepared under earlier Presidencies, they were brought to fruition under the German Presidency of the Council in 1988. The majority owe their existence to the new procedures and prospects opened up by the Single European Act, which finally came into effect on 1 July 1987, the first day of the year covered by this publication.

The work of the European Parliament in putting forward in February 1984 its Draft Treaty on European Union - without which, again in the testimony of Mr Delors, the Single European Act would never have come into being - is already showing results. In particular, Parliament's initiative in giving such strong backing to the Commission's proposals, 'Making a success of the Single Act: a new frontier for Europe', helped to secure their adoption at the special European Council meeting in Brussels in February 1988.

As he had already done twice in 1987, Lord Plumb addressed the opening session of this European Council meeting, thus ensuring that the views of the elected representatives of the people of the Community could not be ignored, as so often in the past. Lord Plumb also represented Parliament in many meetings with political and Parliamentary leaders in the Community and outside.

Studies of the first year of operation of the cooperation procedure enshrined in the Single Act have shown that Parliament, by adapting its Rules of Procedure and its working methods and by setting new priorities, has thereby won considerably more influence over Community legislation. In the first year of operation of the cooperation procedure, the Commission accepted in whole or in part 80% of the amendments proposed by Parliament to its proposals in the course of first and second readings, the corresponding figure for the Council being about 50%.

The European Community Budget for 1988 brought Parliament and the Council once more into dispute. It was only after far-reaching decisions had been taken at the February European Council meeting on own resources, the British budgetary contribution, and budgetary discipline that the way was clear for the Council to take the decisions necessary to enable Lord Plumb finally to sign the Budget on 1 June 1988.

Parliament continued its policy of devoting certain part-sessions to particular themes. Thus in the first October session in 1987, Parliament concerned itself with various aspects of the situation of women in the Community. In January 1988 several debates were held on questions relating to agriculture, and in March 1988 three linked resolutions were adopted concerning environmental protection.

Major difficulties were again experienced in Council in obtaining agreement on the Annual Farm Price Review, despite the far-reaching decisions on the future of the Common Agricultural Policy taken at the European Council of Brussels in February. On the other hand, following the recommendations made by the ad hoc Committee of Inquiry set up by Parliament to consider methods of reducing surplus stocks of agricultural produce, the Commission succeeded in making major reductions in stocks of milk powder, butter and beef.

In the political field the year under review was dominated by the successful Summit meeting between President Reagan and General Secretary Gorbachev in Washington, D.C. in December 1987, at which agreement was reached on the reduction of Intermediate Nuclear Forces (INF). Parliament welcomed the new Treaty, but continued to call for a European security policy in order further to assure the security of the Community and to give its Member States a place at the superpower's conference table.

In conclusion, the year from mid-1987 to mid-1988 can already be described as one of major advance for the European Parliament, due largely to the coming into force of the Single Act, which will go far to convince the people of the Community of Parliament's role as the only instrument of Parliamentary control over Community legislation vital to their future prosperity.

THE SINGLE EUROPEAN ACT

On 1 July 1987, the Single Act entered into force six months behind schedule owing to a referendum which had to be organized in Ireland to amend that country's constitution to enable it to ratify the Single Act.

On 20 July 1987, the Council amended its Rules of Procedure so that it could resort more frequently to voting by a qualified majority in application of the Single Act.

1. The implementing powers conferred on the Commission

On 13 July 1987, after a whole series of difficulties, the Council adopted a decision laying down the procedures for the exercise of these powers pursuant to a declaration annexed to the Single Act.

A year earlier, on 9 July 1986, the European Parliament had referred to committee the Commission's proposal for a regulation laying down the procedures for the exercise of implementing powers conferred on the Commission.

In its resolution of 23 October 1986, the European Parliament called for the Commission's executive powers and its own supervisory powers vis-à-vis the Commission to be strengthened by limiting the number of committee procedures which the Council might use in conferring such powers on the Commission.

Under the Commission's proposal, the three types of committees were to be maintained; the European Parliament, however, was opposed to the regulatory-committee procedure and called for recognition of its right to be informed and consulted. The Commission was prepared to agree to this.

In a resolution of 8 July 1987, the European Parliament noted that the Council had no intention of improving on the previous situation and considered this as an alarm bell demonstrating the lack of political will on the part of the Member States to give practical effect to the objectives of the Single Act.

On 2 October 1987, the European Parliament instituted proceedings against the Council decision of 13 July 1987, which added a fourth procedure and divided the options into various alternatives.

In his conclusions of 27 May 1988, the Advocate General of the Court of Justice considered that the European Parliament had the right to initiate legal proceedings for annulment against the Council where its own prerogatives were encroached upon.

2. Application of the cooperation procedure

The Committee on Institutional Affairs decided to draw up a report on the implementation of the Single Act in response to the European Parliament's resolution of 16 January 1986.

A working document was drawn up by its rapporteur which, among other things, dealt with the various problems involved in the cooperation procedure.

(a) Legal basis of proposals

The European Parliament has taken care to ascertain that the correct legal basis has been used by the Commission in each proposal. On the whole, the Commission has cooperated closely with Parliament on this matter and a satisfactory solution has been found for some 145 proposals that had already been submitted when the Single Act came into force.

Experience in the first year since the Single Act came into force has shown that difficulties can arise in several areas, particularly in legislation on the harmonization of environmental standards. In some areas, the Commission has accepted Parliament's point of view, for instance on agricultural research and on cooperation with third countries in research.

In the case of the regulation on the radioactivity of foodstuffs, the Commission chose a legal basis seemingly as a means of avoiding the cooperation procedure.

(b) Outcome of first readings

The first reading is of vital importance. It is at this stage that the amendments proposed by the European Parliament to the Commission's text can be taken into account by the Commission.

The three institutions also have an interest in reaching a compromise during the first reading in order to avoid conflicts during the second reading. If there is to be genuine dialogue and if Parliament's opinion is to be taken into consideration, the Council must stop taking decisions in advance or giving its agreement subject to Parliament's opinion.

The first few months since the cooperation procedure came into operation have shown that the Commission gives serious consideration to Parliament's opinions: of some 206 amendments to Commission proposals adopted by the European Parliament, 83% were accepted in full or in part by the Commission.

However, given the secrecy of Council deliberations, it is difficult for Parliament to check whether the Commission is zealously defending its amendments before the Council.

(c) The Council's common position

The European Parliament must be fully informed by the Council and the Commission of the reasons which led the Council to adopt its common position and also of the Commission's position. The Council rapidly agreed to submit its justification in writing to Parliament, but the first explanations received by Parliament were very sketchy.

Following protests by Parliament, the Council agreed to provide more information, including its reaction to all points of substance.

(d) Second reading

We still have little experience of second readings. There has been no case in which Parliament has rejected a common position.

In the first six months after the Single Act came into force, there have been 7 second readings (on the medical research programme, vehicle emissions, various research programmes and public contracts).

(e) The annual legislative programme

Rule 29(4) of Parliament's Rules of Procedure introduced the idea of a legislative programme in relations between the Commission and the European Parliament. This programme is adopted by the enlarged Bureau of the European Parliament and the Commission after the latter has submitted its annual programme and the European Parliament has debated it.

The first legislative programme was adopted on 25 February 1988 and covered the period from 1 April 1988 to 31 March 1989. The procedure is as follows: in January, the annual programme's guidelines are presented by the President of the Commission and debated by Parliament.

Before the February part-session, the Commission's annual programme and draft legislative programme are forwarded to the European Parliament which, during the March part-session, gives the Commission a vote of confidence and adopts a resolution on the annual programme. Finally, the enlarged Bureau and the Commission adopt the annual legislative programme.

The conclusion of such an agreement reflects a dual concern: to give emphasis to the institutional cooperation between the Commission and the European Parliament and to organize the examination of Community legislation as effectively and rapidly as possible and establish a link with the Council so as to take account of the guidelines of the Council's following presidencies as regards its work programme.

This agreement represents a political commitment reflecting the desire to carry out a programme aimed at achieving the Single Act's objectives.

Progress is evaluated at quarterly meetings between the Commission and the enlarged Bureau of the European Parliament, and the Council will be invited to take an active part in this procedure.

3. Application of the assent procedure

This procedure is one of the most important innovations introduced by the Single Act, in that it conferred on the European Parliament a power of co-decision-making in accession agreements (Article 237 of the EEC Treaty) and association agreements (Article 238 of the EEC Treaty). Before concluding such an agreement, the Council must obtain Parliament's assent, which means that accession and association agreements cannot enter into force without the express approval of a majority of the Members of the European Parliament (260 votes).

This procedure also applies to the adoption of protocols in the application of association agreements.

The European Parliament has given its assent to a number of association protocols (Cyprus, Tunisia, Egypt, Algeria, Jordan and Lebanon). Adoption of the protocols on Turkey was delayed by a few weeks during consideration by the parliamentary committee. When taken in plenary, during the December part-session, a request for referral back to committee was adopted by 130 votes to 124, with two abstentions. At the January 1988 part-session, the European Parliament gave its assent to these two protocols.

On the protocols with Israel, the European Parliament rejected the three reports requesting its assent after referring them back to committee on two occasions during previous part-session.

The reason for this rejection was Israel's policy in the West Bank and Gaza in response to Palestinian unrest, and the attitude of the Israeli authorities to Palestinian exports to the EEC.

The European Parliament rejected the additional protocol on citrus fruit exports following enlargement by 207 votes to 149, with 20 abstentions.

With 256 votes for, 111 against and 16 abstentions, the European Parliament failed to vote by the requisite majority (260 votes) on the protocol on transitional measures following enlargement of the EEC.

The protocol on financial cooperation was rejected by 205 votes to 143, with 22 abstentions.

Following these votes, the President of the European Parliament referred the texts to the Council which has now submitted the three protocols once again to the European Parliament. They will be re-entered on the agenda in the light of developments and the supplementary information expected from the Council.

The Council, like the European Parliament, considers that this rejection is not definitive or irrevocable and that a 'second reading' might be possible depending on political circumstances.

Thus, the European Parliament has been quick to use the assent procedure as a means of influencing and putting political pressure on a Community institution and a third country.

In the medium term, such an instrument is likely to substantially increase the European Parliament's impact on the Community's external policy.

SECURITY, DISARMAMENT AND CSCE**1. Security policy: the role of the Single European Act (SEA)**

The entry into force of the Single European Act in July 1987 and its accompanying provisions, conferring on Community institutions a greater role in matters connected with security policy, have fuelled the debate on the Community's approach to security policy and the part the Community should play in this field.

The preamble to the SEA offers a starting point inasmuch as it stipulates that signatory states should act with consistency and solidarity in order more effectively to protect their common interests and together to make their own contribution to the preservation of international peace and security.

Furthermore, the provisions of the Single Act on European cooperation in the sphere of foreign policy (Title III) undoubtedly confers on the European Community jurisdiction in matters of security policy in the framework of European Political Cooperation (EPC). Article 30(6) reflects the express wish of the Member States to cooperate more closely on questions of European security and to coordinate their positions more closely on the political and economic aspects of security. Moreover, the High Contracting Parties state their determination to maintain the technological and industrial conditions necessary for their security.

2. Political aspects of a European security strategy

The political and security dimensions of the SEA are already reflected in the resolution on the political aspects of a European security strategy⁽¹⁾ which Parliament adopted on 14 October 1987. This resolution and the report on which it is based can to a certain extent be considered as the basic programme for a European security policy.

The resolution expresses the belief that the Member States of the Community should formulate and implement a common policy on foreign affairs and security so that a single Community voice can be heard. Similarly, Parliament states its conviction that a European security policy outside the Atlantic Alliance is inconceivable and that the contribution and say of Western Europe within

NATO should therefore be increased. It takes the view that a relationship of mutual loyalty and friendship between the countries of the Community and the United States of America, based on a real partnership and ongoing consultation on the most important international problems, must be an essential condition. In this respect, a European security policy must be based on the simultaneous upholding of a policy of defence and détente. Furthermore, the Community should play an active part (within the framework of EPC) in the East-West dialogue and in disarmament negotiations as well as in the North-South dialogue, particularly with regard to the peaceful settlement of crises and conflicts throughout the world. Member States are also invited to draw up and adopt as soon as possible joint criteria and control of arms sales to third countries.

There can be no doubt that the preliminary discussions and detailed examination by the Subcommittee on Security and Disarmament and within the Political Affairs Committee of the European Parliament helped to ensure that the report and resolution on a European security strategy was adopted by practically all Members of the European Parliament.

The resolution adopted on 19 November 1987 on the Reagan-Gorbachev summit aroused considerable interest. In this resolution, addressed to the Heads of State and Government, their Foreign Ministers and the American and Russian Governments, Parliament welcomed the meeting as a decisive step on the road to peace and a starting point for pursuing dialogue on strategic, nuclear, chemical, biological and conventional weapons. The hope was also expressed that the meeting would lead to decisive steps being taken to reduce stockpiles of nuclear weapons and to ensure effective and verifiable parity in conventional weapons. The governments of Europe were also called on to be more active in their pursuit of a European security policy(2).

However, there is still a long road ahead as was demonstrated by the results of a symposium on the European Community and security organized in November 1987 by the Spinelli Committee. Briefly, the points made were that, while there is certainly a broad consensus on the need for the Europeanization of security policy and that the 'Platform of European interests in security matters' adopted on 27 October by the Council of Ministers of the Western European Union (WEU) undoubtedly marked a step in this direction, opinion is still divided on resting responsibility for European security policy in one institution (EPC, WEU, NATO's EUROGROUP, European Defence Council) and on the stages in the Europeanization of the various national defence policies such as the wide-ranging agreements concluded between France and Germany on defence

cooperation; there was also the issue of combining different nuclear deterrents (French and British) in a European defence system and of (re)assessing the relationship and allocation of roles between the European and North-American pillars of the Atlantic Alliance.

These conclusions were again confirmed by the speakers at the public hearing on 30 November and 1 December 1987 organized by the Political Affairs Committee of the European Parliament and run by the Subcommittee on Security and Disarmament, with, as theme, 'new aspects of a European security policy'. Political and scientific experts joined with Members of the European Parliament in discussing the prospects for both conventional and nuclear disarmament, arms reductions and confidence-building measures, defence doctrines and strategy, the future of the Western Alliance and East-West dialogue and the possibilities and limits of a more independent defence policy in Western Europe.

A point particularly worth remembering is that this public hearing brought together for the first time not only well-known international experts on security policy(3), but also a high-ranking Russian representative (Mr O. Grinevski, Ambassador Extraordinary) and a high-ranking American representative (Mr J.C. Kornblum, US representative to NATO) who took a joint stance on security and defence questions outside the official framework of negotiations on arms control and disarmament. Perhaps this meeting had a symbolic value with its suggestion that bridge-building between the superpowers in the cause of peace might form one aspect of the identity which the Community is seeking in the area of security policy.

3. Disarmament and arms limitation

In its resolution on the Washington summit, adopted on 17 December 1987(4), the European Parliament welcomed the signing of the agreement on the elimination of medium-range missiles, considering it to be a historical event in the process towards disarmament, accompanied by effective verification procedures. However, Parliament deplored the fact that the Community plays such an inadequate role in the disarmament process and called for the creation of a European pillar which would be an integral part of the Atlantic Alliance. In this way the Community ought to be able to exercise an active and direct influence in East-West negotiations to ensure peace in Europe, crowning its sustained efforts to bring about guaranteed security for both sides, arms control and new confidence-building measures.

In the almost unanimous opinion of the experts, the conclusion of the agreement on medium-range nuclear weapons opens a new phase in the development of security policy. A whole series of factors related to defence and arms control is involved, such as a reappraisal of strategy doctrines, a new concept of the allocation of tasks and responsibilities within the Western Alliance and a review of arms policy and the need for new disarmament measures, including conventional, chemical and bacteriological weapons. This points to the need for a partial reassessment of the relations between the states and nations of the entire continent of Europe and for Member States of the European Community to make their own contribution to world peace and international security by sharing responsibility.

The European Parliament took a similar view in its resolution on security policy cooperation within the framework of EPC adopted at the January 1988 part-session(5). This resolution draws attention to the fact that 'the basic preconditions for a security policy are that existing arms control agreements should be scrupulously honoured and that both alliances should abandon the goal of military superiority'. It also states that the political, economic and military aspects of security cannot be considered in isolation, with Parliament in this instance taking a broad interpretation of the provisions of the SEA on European cooperation in the sphere of security(6). Similarly, the view is expressed that the European Community should, today more than ever, following the conclusion of the INF Treaty, seek more resolutely to develop its own identity in the area of security policy within the framework of the Atlantic Alliance and to draw up a list of objectives to be achieved in security policy which would take particular account of Western Europe's specific security interests. In this regard, security policy should be considered not in a spirit of confrontation but of détente, cooperation and a balance of interests.

Parliament takes the view that the CSCE process should be used as an instrument for a comprehensive European security policy and as a means of guaranteeing respect for human rights in accordance with the provisions of the Helsinki Final Act. In the same way, in its resolution adopted on 22 January, Parliament calls on the Foreign Ministers of the Member States meeting in political cooperation to attend the Vienna CSCE Conference as a single entity as far as possible and to table proposals paving the way for negotiations on mutual and balanced force reductions from the Atlantic to the Urals.

4. Resolutions on the CSCE

Generally, those parts of the CSCE process dealing with the problems connected with military security received less attention from the European Parliament between July 1987 and June 1988 than the human rights provisions of the Helsinki Final Act. Mainly during the first half of 1988, a number of resolutions were adopted criticizing the failure of several member countries of the Warsaw Pact to comply with the provisions of the CSCE in the matter of human rights and human contacts. Several resolutions on this matter stressed that genuine progress towards détente in Europe depended on respect for human rights in all countries which signed the Helsinki Final Act(7).

Referring in each of its emergency resolutions to the human rights provisions of the Final Act, Parliament has deplored the following human rights violations:

- (a) repressive practices in the Soviet Union in respect of granting exit visas (resolution on the granting of an exit visa to refusniks and secretniks, adopted on 11 February 1988)(8),
- (b) arrest of opponents of the régime in the GDR (resolution on the recent arrests in East Berlin, adopted on 11 February 1988)(9),
- (c) threat to the freedom of religion and the religious press in East Germany and Czechoslovakia (resolution on threats against the religious press in East Germany, adopted on 14 April 1988; resolution on repressive measures against Christians in Czechoslovakia, adopted on 14 April 1988)(10),
- (d) repression of strikes and demonstrations in Poland by massive police action and arrest of and slander against members of Solidarity (resolutions on the situation in Poland, adopted on 19 May 1988)(11),
- (e) arrest of dissidents in the USSR and oppression of political reform movements (resolution on the so-called policy of openness in the Soviet Union, adopted on 19 May 1988)(12).

5. Initiatives under the Germany presidency

When Germany assumed the presidency, Mr Genscher, Minister for Foreign Affairs, emphasized in his address to the European Parliament on 20 January 1988 that an improvement in the East-West dialogue in Europe would be a major priority of the new presidency. He added that arms limitation and

disarmament, together with the attempts to establish dialogue and cooperation between East and West in every area, were, in addition to defence, part of a security policy *sensu lato*, the purpose of which was to ensure a just and durable peace throughout Europe(13).

The European Community as a whole and the European Parliament as one of the main Community institutions were required to play a central role in this process. The German presidency shared this view, which has since gained currency, as shown by the answer it gave to an oral question submitted to it on behalf of the Subcommittee on Security and Disarmament on the initiatives planned for strengthening cooperation in the field of security policy within the framework of EPC(14). During discussion on this oral question, the President-in-Office of the Council stated that it was above all the states of Europe themselves which should work for lasting peace in Europe(15). On the role of the European Parliament, Mr Genscher said: 'I can imagine it being possible for the Presidency to draw attention to Parliament's opinion, if it has adopted one, on any aspect of security policy being discussed within the framework of EPC ... I should like to see the European Parliament having an in-depth debate on all aspects of our security, because it really is unsatisfactory that European security policy should be discussed only in the national parliaments ... and that it should be only on this basis that we form our opinions in the Council. So I should like to see the European Parliament deciding to have an in-depth debate'(16).

In his address to the European Parliament on 9 March 1988, Chancellor Kohl, too, clearly expressed the hope that a strong Europe mindful of what it represented would make a united contribution to building peace in the world.

For this to be fully realized, and because work on European unity would remain incomplete without any consideration for the security dimension, the formulation of a common European security policy was, in the Chancellor's view, one of the priority tasks in the immediate future(17).

This view was reaffirmed at the meeting of the twelve Community Foreign Ministers in Konstanz at the beginning of March 1988. It was an encouraging innovation that the Foreign Ministers spent much of the meeting examining both certain aspects of security policy, particularly the continuing East-West dialogue after the last NATO summit in Brussels, and essential disarmament in the conventional field. This indicates that EPC now involves all aspects of security, including the military aspect. As recommended by the European Parliament, the Foreign Ministers are thus going beyond the SEA which envisaged a European dimension only in the political and economic aspects of security.

The statement issued after the meeting in Konstanz by Mr Genscher, President-in-Office of the Council, that more substance should be given to the Community's security policy, pursuant to Parliament's wishes thus contains an implicit recognition of the work carried out in the area of security policy by Parliament and, particularly, its Subcommittee on Security and Disarmament.

6. Parliament's current initiatives

Since the beginning of 1988, the Subcommittee on Security and Disarmament has been considering three draft reports on the basic theme of security policy: the first is a general report the purpose of which is to decide on the broad lines of a European security policy; the second deals with the importance of Northern Europe to European security; and the third concerns European arms exports with a view to drawing up a policy based on common foundations, limits and controls. When discussions within the Subcommittee on Security and Disarmament and the Political Affairs Committee have been completed, these reports should be voted on by Parliament in the second half of 1988.

Other measures currently being prepared involve oral questions drawn up by the Subcommittee on Security and Disarmament. One question in particular to the Commission of the European Communities concerns initiatives to provide a technological and industrial base for security. Another, to the Foreign Ministers meeting in political cooperation, concerns the progress achieved by and prospects for cooperation on security matters within the framework of EPC at the beginning of the Greek presidency. These texts repeat the call made to Member States for firmness in implementing the mandate contained in the SEA on cooperation on security matters within the framework of EPC, and to draw up a project for European security which, while encouraging détente, would maintain defence capability and strengthen the Community's own identity in the sphere of foreign policy.

- (1) Resolution on the political aspects of a European security strategy, adopted on 14 October 1987; see OJ No. C 305, 16.11.1987, p. 81 et seq.
- (2) OJ No. C 345, 21.12.1987, p. 35
- (3) P. Lellouche (Institut français de relations internationales);
F. Heißbourg (International Institute for Strategic Studies);
K. Kaiser (Forschungsinstitut der Deutschen Gesellschaft für Auswärtige Politik);
R. Stützle (Stockholm International Peace Research Institute)
- (4) OJ No. C 13, 18.1.1988, p. 106 et seq.
- (5) OJ No. C 49, 22.2.1988, pp. 155-156
- (6) Bulletin of the European Communities, Supplement 2/86, p. 18 (Title III, Article 30(6))
- (7) Joint resolutions on the recent arrests in East Berlin, replacing Docs. B 2-1715, 1738, 1743, 1757 and 1758/87; adopted on 11 February 1988
- (8) OJ No. C 68, 14.3.1988, p. 74
- (9) OJ No. C 68, 14.3.1988, p. 71
- (10) OJ No. C 122, 9.5.1988, p. 128
- (11) OJ No. C 167, 27.6.1988
- (12) OJ No. C 167, 27.6.1988
- (13) Verbatim report of the debates of the European Parliament, Strasbourg, 19-20 January 1988, p. 157
- (14) European Parliament session document, Doc. B 2-1415/87, 16 December 1987
- (15) Verbatim report of proceedings of the European Parliament, Strasbourg, 19-20 January 1988, p. 157
- (16) Statement by Mr H.D. Genscher, Minister for Foreign Affairs of the Federal Republic of Germany and President-in-Office of the Council, to the European Parliament on 20 January 1988 (see footnote 15 above), p. 137
- (17) Verbatim report of the proceedings of the European Parliament (provisional edition), Strasbourg, 8-9 March 1988, p. 100

EUROPEAN POLITICAL COOPERATION AND EXTERNAL RELATIONS

The activities discussed in this chapter are based on political cooperation decisions taken since 1970 (Luxembourg, Copenhagen and London statements) on the Solemn Declaration of Stuttgart on European Union and on the procedures subsequently adopted and implemented by the Member States.

Apart from discussing and receiving regular information on all these problems, the European Parliament's role consists in ensuring that the Member States meeting in European political cooperation take account of the positions it has adopted in accordance with the provisions of the Solemn Declaration of Stuttgart.

The entry into force of the Single European Act on 1 July 1987 has strengthened the European Parliament's influence and control instruments by virtue of Article 30 of the Act which explicitly states that the Foreign Ministers must give due consideration to its views.

On 17 June 1988, the European Parliament adopted a resolution on its role in the field of foreign policy in the context of the Single European Act, in which it reaffirms its resolve to make the most of the opportunities offered by the SEA, though recognizing that it does not satisfy all the demands for greater democracy in the Institutions and more efficient Community action(1). Advances could be made towards achieving a true European identity in external policy and security policy through the opportunities offered by the assent procedure in the case of accession or association agreements and through improving the existing mechanisms of political cooperation. Co-decisional power must be complemented by a series of provisions which will enable the European Parliament to play a political role not only in the final decision concluding the negotiations, but also in determining their contents. There should be an annual debate on political identity in external policy and security policy, during which the Council could submit a report on the achievement of European Union.

In another resolution, the European Parliament calls on the Foreign Ministers meeting in political cooperation, in accordance with Article 30(7) of the SEA, to adopt common positions in the UN; and calls on the Presidency of European Political Cooperation to take measures to strengthen the EEC's presence and status at institutional level in UN bodies(2).

1. Central and Eastern Europe

The EEC and the countries of central and eastern Europe (Bulgaria, Hungary, Poland, German Democratic Republic, Romania and Czechoslovakia), established relations with each other principally at the Conference on Security and Cooperation in Europe (CSCE). The Conference brought together 35 countries from eastern and western Europe and led to the signing of the Helsinki Final Act in 1975. Since that time, the signatory countries have sought to implement the act in the course of several meetings held in Belgrade, Madrid, Stockholm and elsewhere, but without significant results. In several resolutions on human rights in Eastern bloc countries, the European Parliament has stressed the obligations arising out of the Helsinki Agreements.

The countries of central and eastern Europe are all members of the Committee for Mutual Economic Assistance (OMEA, commonly known as COMECON). COMECON has never acted as an economic community. Nor has it ever recognized the European Economic Community which, as a result, has sought to establish bilateral economic relations with individual central and eastern European countries. In 1985 the OMEA moved towards a more open attitude towards the European Community. The Commission resumed negotiations with a view to improving cooperation between the two organizations. After difficult talks, a common declaration was signed in Luxembourg on 25 June 1988, which marks the start of official relations between the EEC and the OMEA (while embracing the territorial clause for West Berlin). At the same time, diplomatic relations between the EEC and the individual central and eastern European countries have been normalized. With the adoption of the common declaration, the three European Parliament delegations for relations with these countries automatically take up their duties(3).

On 14 June 1988, the Foreign Ministers adopted a declaration in which they considered the outcome of the Moscow Summit between Gorbachev and Reagan to be encouraging, expressed satisfaction at the ratification of the INF Treaty, which will eliminate an entire class of weapons, and reasserted the need to halve the strategic arsenals of the Soviet Union and the United States. In the same declaration, they welcomed the current trends in the Soviet Union and in Eastern Europe and hoped that these would lead to a more open attitude in these countries' political systems both with regard to their own people and the outside world. On the last Reagan-Gorbachev summit in December 1987 and the setting up of new talks on disarmament, the European Parliament called on the governments of the Member States to be more active and determined in their pursuit of a European security policy and the consolidation of peace(4).

The violent incidents in which Romanian workers clashed with police in Brasov, Braile and Silviu prompted the European Parliament to adopt a resolution condemning the police repression and calling on the Foreign Ministers to make representations in Bucharest with a view to persuading the Romanian Government to end its repressive measures(5).

The European Parliament also condemned the brutality with which the Polish police put down the spontaneous strike in Nowa Huta and expressed its conviction that the creation of free trade unions is essential before there can be any meaningful dialogue between the workers and government.

On 10 March 1988, following mass demonstrations in Soviet Armenia, the European Parliament reiterated that any serious attempt by the Soviet Government to implement a programme of economic and administrative reforms will be doomed to failure if it does not take into account the hopes for more political and individual freedom.

2. Afghanistan

14 April 1988 saw the signing in Geneva of the agreement on the repatriation of Soviet troops, which should be completed before the end of the year. On 15 May, the troops started to leave Afghanistan.

In January 1988, the Soviet Deputy Foreign Minister met the troika (the ambassadors of three Member States representing the Twelve) in Moscow to discuss the Soviet withdrawal from Afghanistan.

The Copenhagen European Council, which was held on 4 and 5 December 1987, argued in favour of setting up a transition government which would be truly independent and would take the necessary steps to draw up a new constitution and to prepare a true act of self-determination, the participation of the Afghan resistance being essential for a complete political solution.

The European Parliament adopted a resolution in which it expressed the hope that Afghanistan would soon return to its neutral and non-aligned status and pointed to the heavy losses suffered by the country over the eight years of war(6). It welcomed the Geneva agreement, but called for the ground to be prepared for the Afghan people to exercise the right of self-determination, for the Afghan resistance to take part in the peace negotiations, and for human rights to be re-established. Having noted with satisfaction that the Pakistani Government is doing its best to allow the five million refugees to

return to the country, the European Parliament called for an effective aid programme, to which the United States and the Arab countries as well as the Soviet Union should be urged to contribute. The Community is currently examining a programme to facilitate the reintegration of the Afghan refugees by appealing to the UN and by coordinating the financial contributions of the Member States.

3. Turkey

Immediately after the European elections in June 1984, the European Parliament adopted a resolution supported by all political parties stating that 'the delegation of the European Parliament/Grand National Assembly of Turkey Joint Committee will not be set up until the association treaty is implemented once again and until the European Parliament has reconsidered the situation in Turkey'(7). On 21 January 1987 the European Parliament set up a delegation of ten Members for relations with Turkey which has different institutional characteristics from those of the Joint Committee provided for in the Association Agreement(8). At the previous part-session it had adopted a resolution acknowledging that progress had been made towards restoring parliamentary democracy in Turkey but that conditions were not yet ripe for relations to become fully normalized. It consequently expressed grave concern at the seriousness of the human rights situation and called on the Turkish Government to respect them in full(9).

On 19 November 1987, the European Parliament decided to send a delegation of observers to the Turkish elections on 29 November. At the same time it called on the Foreign Ministers to make urgent representations to the Turkish authorities to persuade them to free two politicians who had been arrested, as part of the establishment of a democratic process(10).

The illegal occupation of part of the island of Cyprus, linked to the European Community by an association agreement, by Turkey, also an associate partner, presents a major stumbling block to the normalization of relations between the Community and the occupying country. The European Parliament has therefore called on the Foreign Ministers to urge the Turkish Government to draw up a time-table for the withdrawal of its troops and to facilitate the conclusion of partial agreements with a view to bringing the two communities of the island closer together(11).

The meeting of the EEC-Turkey Association Council, which should have taken place on 25 April 1988, was cancelled by the Turkish delegation, which was to have chaired it, in protest against a phrase concerning Cyprus in the Community's official Declaration. The European Parliament committee responsible is currently examining the two reports on the revival of the EEC-Turkey Association Agreement.

In February 1988, Mr Andreas Papandreou, the Greek Prime Minister, met his Turkish opposite number, Mr Turgut Ozal, in Davos, to bring about a solution to the many problems existing between the two countries. On 13 June, the Turkish Prime Minister made an official three-day visit to Athens, for the first time since 1956.

On 15 April 1987 the Turkish Government formally applied for membership of the Community, but on 12 May 1988 the Commission issued a communiqué in which it emphasized the need to complete the internal market. There will therefore be no further accessions by any Mediterranean or EFTA countries between now and 1992.

4. Middle East

In a declaration on the Middle East, the Copenhagen European Council deplored the fact that the crises in the region had still not been resolved and reaffirmed its willingness to develop its political dialogue with all states in the Middle East. It also expressed its profound concern about the situation in Lebanon. After condemning the lengthy detention of hostages, it called for their immediate release. On the subject of the Arab-Israeli conflict, the Council reiterated its support for an International Peace Conference under the auspices of the United Nations and repeated its concern about living conditions in the Occupied Territories(12). On 12 January 1988, the West German Ambassador to Tel Aviv, supported by his colleagues, told the Israeli Government that the Twelve were concerned at the Israeli decision to implement a deportation policy in the Occupied Territories, and emphasized their unconditional support for the United Nations Security Council Resolution No. 607(13).

On 19 May 1988, the European Parliament called on the Foreign Ministers to undertake effective Community action to achieve the total withdrawal of Israeli forces from the Occupied Territories and the immediate cessation of hostilities and military operations. An International Peace Conference would make it possible to guarantee the security and inviolability of the frontiers

of the State of Israel and all the states in the region, self-determination for the Palestinian people and their right to create a free and independent state with secure frontiers, guaranteed by international backing.

On the Iran-Iraq conflict, the European Parliament proposed concerted action by the states which voted in favour of Resolution 598 on an immediate cease-fire and an embargo on the sale of arms to both sides. It also called for an end to missile attacks on towns and severely condemned the use of chemical weapons by Iraq, which has engaged in an all-out war of extermination against the Kurds(14).

5. Southern Africa

On 13 November 1987, the Foreign Ministers noted with grave concern the armed incursions by South Africa into Angolan territory and visits to African troops by President Botha and other prominent members of the South African Government. The South African Government was called upon to withdraw its troops from Angola to encourage a return to peace and security in the region(15). The European Parliament declared its unqualified support for the Angolan initiative for a quadripartite agreement between the People's Republic of Angola, South Africa, Cuba and SWAPO in order to put an end to the state of war and conflict within Angola's frontiers. It called for the withdrawal of South African and Cuban troops from Angola, the implementation of the UN Security Council Resolution 435 and the suspension of military aid to the armed groups responsible for the destabilization of Angola. The Governments of the Member States were called upon to do all in their power to encourage a dialogue and the search for a negotiated solution to the conflict in Southern Africa(16).

The South African Government should re-examine the measures proscribing the political activities of 17 organizations and enter into a constructive dialogue with all parties opposed to apartheid to achieve a just political system based on the concept of equal rights and universal suffrage. If the necessary reforms are not implemented in time, the situation will inevitably end in armed conflict(17). For the European Parliament, only the eradication of apartheid and the establishing of majority rule on the basis of free and fair elections by universal suffrage for all the people in a united and non-fragmented South Africa can lead to a just and lasting solution. At the same time, Namibia must be given genuine independence, as advocated by the United Nations Plan. In the face of the South African Government's

procrastination and delay over this, the European Parliament considers that there is an urgent need to take measures with a view to applying a comprehensive set of mandatory sanctions(18).

On 14 June 1988, the Foreign Ministers made representations to stop the execution of the Sharpeville six.

6. Latin America

On 13 August 1987, barely a week after the 'Arias Plan' for peace and democracy in Central America, the Foreign Ministers issued a declaration in which they noted with great satisfaction the summit in Guatemala City, which they considered to be in line with the Contadora objectives. The five Central American countries with relations and interests in this region were called upon to cooperate to translate the agreement into a lasting peace and a genuine democracy.

On 1 March 1988, in Hamburg, the participants in the ministerial conference held on the San José model adopted a common policy declaration by the European Community and the Central American countries in the Contadora Group, in which they supported the implementation of an international development and peace programme for Central America. The declaration stresses the need to achieve a democratic process based on pluralism and excluding all foreign interference. Before the conference, the European Parliament reiterated the need to put an end to foreign military intervention in the region and recommended the launching of a substantial aid programme(19). On 11 March 1988, on the basis of a report by the Political Affairs Committee, the European Parliament re-examined the situation in Central America and adopted a resolution in which it observed that peace negotiations and the restoration of institutions must be founded mainly on the political will of the governments and people of the region, called on all the armed opposition forces to participate in the cease-fire agreements and declared itself willing to establish a dialogue with the Central American Parliament as soon as possible. It also hoped that European Political Cooperation, the Governments of the Member States and the European Parliament would become actively involved in the work of the International Verification Commission for the Esquipulas II Agreement(20).

With regard to the situation in Chile, the Foreign Ministers called for a return to genuine democratic government which would respect human rights and guarantee freedom of expression for the will of the people. The European Parliament's Political Affairs Committee adopted a resolution condemning the

continual violations of human rights, expressing its conviction that the general elections were hardly more than a plebiscite and calling on the Community to send all aid directly to the people rather than have it pass through government organizations.

The Community has closely followed the political situation in Paraguay, protesting against the arrests of many leaders of the democratic opposition and calling for socio-political rights to be respected through free elections and for the removal of obstacles to the right of free expression for the media.

The European Parliament has severely condemned the breakdown of civilian government in Panama and the repression of the opposition by the armed forces. The accusations made against General Noriega, particularly as regards drug-trafficking, should be the subject of a judicial inquiry.

The tragic outcome of the elections scheduled for 29 November in Haiti led the European Parliament to condemn the attacks perpetrated by the Tontons Macoute and the connivance between the National Council of Government and the army(21).

7. Asia

On 28 August 1987, the Foreign Ministers issued a communiqué expressing their grave concern over the attempts to overthrow the President of the Philippines by violent means, deplored this illegal military action designed to suppress democracy and reaffirmed their unqualified support for President Corazon Aquino.

On 29 October 1987, the European Parliament stressed the need to resume the dialogue between the Republic of Korea and North Korea and called on the two governments to conclude a non-aggression agreement and at the same time to apply for membership of the United Nations. The Olympic Games to be held in Seoul in 1988 should help to strengthen peace in the peninsula. Previously, alarmed by the troubles which had broken out in the Republic of Korea, the European Parliament had expressed the hope that negotiations between the government and the opposition with a view to the adoption of a new Constitution would not be delayed or hindered(22).

On 14 April 1988, in a resolution on the difficult situation of the Vietnamese refugees arriving by boat on the coast of Thailand, the European Parliament called on the governments of the Community Member States and of certain other

countries to consider jointly action to step up their programmes for granting asylum to refugees and to exert pressure on the Vietnamese Government to complete the programme for 'regular departure'.

The European Parliament also commented on the disturbances which have caused many deaths in Lhasa, calling for the rights of the Tibetans to religious freedom and cultural autonomy to be respected and for new structures to be established for Tibet(23).

8. Enlargement prospects

The introduction of the assent procedure for the accession of new Member States and association with third countries, which arises out of the amendment of Articles 237 and 238 of the EEC Treaty, is one of the most important achievements of the Single European Act, in so far as it gives the European Parliament the power of co-decision with the Council of Ministers.

In addition to Turkey, which has formally applied for membership, the Maltese Government may be interested in future membership. Austria and Norway have strengthened their relations with the EEC. On 15 June 1988, the Austrian Minister for the Economy stated that Austria would apply for accession to the Community before the end of 1989, while requesting the appropriate guarantees for the respect of its neutral status. Previously, the spokesman for the Soviet Foreign Ministry had issued a note to the effect that Austrian membership of the EEC would be incompatible with the country's neutrality, which derives from a special constitutional act and from the State Treaty signed in 1955.

The White Paper which the Norwegian Government submitted to the Storting on 21 May 1987 does not refer to possible accession in the short term, but points out that relations with the Community are closer than they were 15 years ago, when the outcome of the referendum on accession was negative. It also defines existing relations and future prospects and expresses Norway's particular interest in political cooperation.

On 24 April 1988, the Foreign Ministers decided to institutionalize the political dialogue with Malta, Austria, Norway and Canada in order to consolidate relations between these countries.

- (1) Resolution of 17.6.1988, Doc. A 2-86/88
- (2) OJ No. C 94, 11.4.1988
- (3) OJ No. C 46, 23.2.1987
- (4) OJ No. C 345, 21.12.1987
- (5) OJ No. C 13, 18.1.1988
- (6) OJ No. C 13, 18.1.1988
- (7) OJ No. C 300, 12.11.1984
- (8) OJ No. C 46, 23.2.1987
- (9) OJ No. C 7, 12.1.1987
- (10) OJ No. C 345, 21.12.1987
- (11) Resolution adopted by the European Parliament on 20.5.1988
(Doc. A 2-317/87)
- (12) Bulletin of the European Communities No. 12/1987
- (13) Bulletin of the European Communities No. 1/1988
- (14) OJ No. C 94, 11.4.1988
- (15) Bulletin of the European Communities No. 11/1987
- (16) Resolution by the European Parliament of 14.4.1988
- (17) OJ No. C 94, 11.4.1988
- (18) OJ No. C 281, 10.10.1987
- (19) OJ No. C 68, 14.3.1988
- (20) OJ No. C 94, 11.4.1988
- (21) OJ No. C 13, 18.1.1988
- (22) OJ No. C 246, 14.9.1987
- (23) OJ No. C 305, 16.11.1987

INSTITUTIONALLY SIGNIFICANT JUDGMENTS OF THE
COURT OF JUSTICE OF THE EUROPEAN COMMUNITIES

1. From July 1987 to June 1988, the Court of Justice of the European Communities issued no major judgment affecting the institutional position of the European Parliament.
2. There are, however, other reasons for regarding this period as being of especial importance for Parliament's role vis-à-vis the Court of Justice and its position in the constitutional structure of the Community: for the first time, the European Parliament instituted proceedings against the Council, on the basis of Article 173 of the Treaty, seeking the annulment of legal acts of the Council by the Court of Justice.
3. In its judgments of 23 April 1986 (Case 294/83, 'Les Verts' v Parliament) and 3 July 1986 (Case 34/86, Council v Parliament), the Court of Justice held that an application for annulment could be brought in respect of acts of the Council having legal effect vis-à-vis third parties, even though Article 173 of the Treaty does not specifically mention Parliament.
4. Likewise, Article 173 does not specifically mention the European Parliament as a party with the legal capacity to institute proceedings. On 2 October 1987, however, Parliament instituted proceedings against the Council seeking the annulment of the Council Decision of 13 July 1987 laying down detailed rules for the exercise of the implementing powers delegated to the Commission (Case 302/87, 'Comitology'). The Council entered a submission that the case was inadmissible, which the Court of Justice is currently considering. Meanwhile, the Advocate General (conclusions of 26 May 1988) has confirmed Parliament's right to institute proceedings when it is a question of seeking redress against the violation of its own rights. The Court's judgment is expected in the near future.
5. It was also on the basis of Article 173 of the EEC Treaty that, on 4 March 1988, Parliament instituted proceedings against the Council seeking the annulment of Regulation No. 3954/87 (Euratom) laying down maximum levels of radioactivity in products intended for human or animal consumption (the post-Chernobyl regulation). In these proceedings, Parliament has submitted

that the proper legal basis for this regulation should be the new Article 100a of the EEC Treaty rather than Article 31 of the Euratom Treaty as invoked by the Council, and that the Council should therefore have initiated the cooperation procedure. Once again, however, the issue of Parliament's right to institute proceedings has to be clarified before the substance of the case can be considered.

6. During the period with which this report is concerned, the following cases, in which Parliament was either directly involved or an interested party, were closed:

- (a) In its judgment of 9 July 1987, the Court of Justice partially annulled a Commission decision establishing a notification and coordination procedure on migration policies vis-à-vis third countries because in two articles of this decision the Commission had exceeded its powers. As regards the substance, the Court of Justice nonetheless upheld the Commission's right, on the basis of Article 118 of the EEC Treaty, to issue decisions binding on the Member States. Parliament was a party to these proceedings alongside the Commission, since the latter's decision explicitly referred to a resolution by Parliament calling for the harmonization of laws on aliens and entitlement to visas.
- (b) In its judgments of 23 February 1988, in Case 68/86 on hormones and Case 131/86 on battery chickens, the Court ruled on the respective applicability of the two legal bases (Article 43 and Article 100 of the Treaty). The Court held that Article 43 was the proper legal basis for all legal acts in furtherance of the objectives set out in Article 39 and involving the products listed in Annex II to the Treaty, thus decisively excluding Article 100a of the EEC Treaty, which was introduced as a result of the Single Act and which involves the cooperation procedure, a procedure of great interest to Parliament. Consequently, Parliament withdrew from a similar case (Case 131/87, Commission v Council), since there was no longer any point in pursuing it.
- (c) The Court's judgment of 25 February 1988 in Case 190/84 ('Les Verts' v Parliament) was the last in a series of judgments in cases contesting the financing of Parliament's information campaign at the time of the second direct elections.

In its judgment of 23 April 1986, the Court of Justice had annulled the decision entering and allocating the appropriations connected with the Community's information campaign. By its judgment of 25 February 1987, the Court of Justice held that the case brought against a number of implementing decisions in regard to the disbursement of these appropriations was inadmissible, since these decisions were internal in character and had no legal effect vis-à-vis third parties.

- (d) Finally, in its judgment of 7 July 1988 on the reference for a preliminary ruling in the Roviello case (Case 20/85), the Court annulled paragraph 15 of the annex to Regulation No. 1408/71 on the ground that it was incompatible with Articles 48 and 51 of the EEC Treaty. In this case, the Court of Justice sought Parliament's opinion, since the point at issue was whether Parliament should be consulted again on an amended proposal from the Commission. The Advocate General had confirmed that the regulation was null and void, since Parliament had not been consulted, and had set out the criteria and procedures to be observed in the second consultation.

In its judgment, the Court of Justice did not consider this issue of form, since on questions of substance it had already declared the regulation concerned to be null and void.

EXTERNAL ECONOMIC RELATIONSGeneral developments

In 1987 world exports of merchandise increased by 4% in terms of volume (3.5% in 1986) and 15.5% in terms of value(1). The value increase reflects the continued depreciation of the US dollar, increases in the dollar price of petroleum and several other primary commodities, as well as the significant increase in trade volume.

Out of a total export value of \$2 450 billion the developed countries accounted for 70% (the same as 1986), the developing countries for 20% (19% in 1986) and the State Trading Countries for 10% (11% in 1986). In the field of imports the developed countries accounted for 71% (70% in 1986), the developing countries for 19% (20% in 1986) and the State Trading Countries for 9% (10% in 1986).

In spite of the continued decline in the dollar value the Community's external trade, calculated in ECU remained stable in 1987. Exports decreased slightly from 341.9 bn ECU in 1986 to 339.4 bn ECU in 1987 (see annexed table). Imports increased from 336.3 to 340.1 bn ECU resulting in a trade deficit of 0.7 bn ECU in 1987.

Exports to the EFTA countries increased by 3.5% and reached 90.3 bn ECU. Imports from EFTA increased by 5% to 82.7 bn ECU.

There was a further decline in exports to the USA from 75.2 bn ECU in 1986 to 71.9 bn in 1987. In spite of the continued dollar depreciation imports stagnated at 56.2 bn ECU resulting in a Community surplus of 15.7 bn ECU.

The Community's traditional deficit with Japan decreased by 0.7 bn ECU to 21.1 bn ECU. This was due to a 19% increase in Community exports combined with an increase in imports of only 5%. The Community's import coverage vis-à-vis Japan thus improved from 34% in 1986 to 39% in 1987, which, however, is still far from satisfactory.

Trade with the developing countries remained largely at the level of the preceding year. A slight decline in the Community's exports resulted in an increase of its deficit from 1.1 bn ECU in 1986 to 3.8 bn in 1987.

The economic difficulties and general stagnation experienced by many state trading countries resulted in a further decline in trade with this group, whose total exports to the Community were, for the second consecutive year, inferior to those of Japan.

GATT

By the end of 1987 the initial phase of the Uruguay Round was virtually completed. Overall, sustained progress has been made in 14 negotiating groups set up by the Group of Negotiations on Goods and also in the Group of Negotiations on Services, owing to the interest shown by numerous Contracting Parties and the resulting submission of many ideas and proposals.

On the basis of the general principles established at the outset and the guidelines that have emerged from the Council, the Community has contributed substantially to the search for overall and sector-based solutions by providing suggestions, information or comments. In line with the priority set in Punta del Este, it accordingly made an offer in Geneva that was intended to benefit the developing countries, concerning the liberalization of trade in tropical products.

In other areas the Community has made its position known. On tariffs, it stressed the need to reduce tariff 'peaks' (customs duties well above the average) and achieve a better balance in the obligations of the Contracting Parties.

On agriculture, the Community took part in the work of the negotiating group, which completed its allotted task for the initial phase. It submitted, as did other countries, a proposal which outlines the negotiating approach it advocates, but positions are still far apart. The EC rejects an American suggestion that all subsidies should be abolished, and instead proposes short and medium-term measures to remedy current world market imbalance.

With regard to the 'new issues' (trade in services, trade-related aspects of intellectual property rights and trade-related investment measures), the Community played an active part in defining the scope of the negotiations. It also stressed the need to adhere to the standstill and rollback commitments in order to ensure the success of the negotiations and notified the surveillance body of certain measures taken by other participants which it considered to be in violation of the standstill commitments.

In February 1988 it was decided to have a 'Mid-Term Review' of the Uruguay Round at Ministerial level in December 1988.

United States

A new variation of the 'spaghetti-citrus fruit' dispute, in which a compromise had been reached in August 1986, appeared in June 1987. The Americans threatened to impose restrictions on the rapidly increasing pasta imports from the EC unless EC exports were reduced considerably. By the end of August 1987, at the very last minute, a trade war was once again averted through a compromise between the parties(2): the EC undertook to reduce its pasta export refunds by 27.5% and to use imported levy-free durum wheat for about 50% of exports, which in return were to be exported without refunds.

The dispute on the alleged illegal European subsidizing of the Airbus continued through 1987, but in October a compromise on the content of the future negotiations was reached between the parties at a ministerial meeting in London. Although the issue has not yet been fully settled there seems to be a firm determination on both sides to avoid a trade war in this field. Certain progress could be noted within several fields at a second ministerial meeting between the parties in March 1988 and negotiations are continuing.

The Community's ban on production and commercialization of meat containing hormones from 1 January 1988(3) gave rise to strong protests from the US, which considered the ban unjustified and discriminatory. In order to avoid a new confrontation with the US in this field and to leave time for negotiations the Community decided in November 1987 to allow the commercialization of meat containing hormones until 1 January 1989(4).

In December 1987 the Americans complained to the GATT about EC subsidies for the production of long-grain rice and soya beans. The Community has rejected both complaints: the rice subsidy is not a new one but only a modification of an existing scheme and the soya bean subsidy is not causing any injury to American producers.

President Reagan's decision in May 1988 to veto the US Trade Bill gave rise to very positive reactions on the part of the Community. The Commission found that even in its final form, the bill remained protectionist and would have led to chain reactions on the part of the United States' trade partners. The entire international trade system would have been the loser.

During the period of reference the European Parliament has paid particular attention to the Airbus dispute, which at present is the most important issue dividing the EC and the USA. In its Resolution of 10 March 1988(5) the European Parliament describes the Airbus programme as 'one of the most spectacular achievements of European industrial cooperation'. The Parliament recommends that the issue be settled within the framework of GATT and warns against the political damage which a trade conflict could cause.

In two Resolutions on the ban on hormones in meat adopted on 12 February 1988(6) the European Parliament 'calls on the governments of the USA and certain other third countries not to prevent the Community from taking measures that accord with the wishes of the Community citizens and which may also help in the policy of reducing excess meat production and in protecting human and animal health'. The Parliament is also strongly critical about the Council's decision to allow commercialization of meat with hormones until 1 January 1989

In a very comprehensive Resolution of 17 June 1988(7), on protectionism in trade relations between the European Community and the United States of America, the European Parliament warns strongly against the negative consequences of protectionism and 'reaffirms its belief that protectionism does not provide any lasting economic advantage to the state resorting to it, and is particularly misleading as the political debate rarely succeeds in making clear to the public the economic costs of protectionist measures and the way that the division of revenue between producers, workers and consumers will be affected by them'.

Japan

During the last year there has been a certain improvement in EC-Japan relations. Japanese measures aimed at stimulating domestic demand and increasing imports have led to a slight increase in the Community's import coverage vis-à-vis Japan. Numerous Japanese non-tariff barriers, however, continue to impede imports from the Community and therefore the Commission continues its fight against these barriers following a sectoral approach. A complaint about the discriminatory Japanese liquor taxes, which the Community brought before the GATT, resulted in a decision in the Community's favour. There are, however, signs that the Japanese Government will only follow the GATT decision partially. Progress has also been achieved within the fields of motor vehicles, medical devices and cosmetics.

Another GATT decision in the Community's favour concerned the EC's complaint about the agreement between Japan and the USA on trade in semiconductors which was brought before the GATT in October 1985. The GATT decision of 24 March 1988 states that the agreement with regard to the fixing of prices with effect for third country markets is contrary to the GATT rules.

With the support of the Member States the Commission has also during the past year pressed the Japanese authorities for further liberalization of financial markets, in particular the further deregulation of interest rates and the improvement of the inter-bank market. Moreover the Commission has proposed to improve the opportunities for European banks to finance imports into Japan. The Japanese authorities have responded by promising to show greater flexibility in the operation of their import financing scheme.

In June 1987 the EC's anti-dumping Regulation was amended(8) so that it now, on certain conditions, applies to products assembled within the Community if the value of foreign parts or materials exceeds 60% of the total value of parts and materials. The aim was to prevent Japanese, and other manufacturers, from avoiding anti-dumping duties by carrying out the final assembly within the Community. In April 1988 the Council approved the first anti-dumping duties to be extended to Japanese products assembled within the Community. Japanese industrialists have on several occasions strongly criticized the amendment, which they claim will have a discouraging effect on Japanese investment in Europe. Experience from the first two cases (electronic scales and electronic typewriters) seems, however, to indicate that the producers without too much difficulty can increase the content of local parts and materials to the 40% required and thus avoid the imposition of anti-dumping duty.

EFTA

In several EFTA countries the Community's plans for the creation of an internal market by 1992 have given rise to a fear of being put in a marginal and possibly disadvantageous position in relation to the Community. In all EFTA countries political and economic circles have started discussions on how to maximize possible benefits of the internal market, and how to minimize possible disadvantages. In Norway and Austria membership is one of the options being discussed.

Theoretically, the EFTA countries could confine themselves to adopting all Community legislation in connection with the internal market and thus overcome most problems. The question is, however, more of a political nature: is it politically acceptable for a small country to be increasingly dependent on a huge political and economic entity like the EC without influence on the decisions taken by this entity? The uneasiness about this has clearly been increasing in the EFTA capitals during the last year. The position of the Community in relation to EFTA, however, as repeatedly underlined by the Commissioner for External Relations, Mr Willy De Clercq, is very clear. It is based on three principles:

- priority for the creation of the large internal market;
- total autonomy in the definition of Community legislation;
- balance between the advantages and obligations.

These Community principles do not imply that the Community rejects cooperation with the EFTA countries - only that this cooperation should never be allowed to delay or in any way interfere with the Community's decision-making process. Further no non-member country should expect to be able to enjoy the full benefits of membership without being willing also to assume the obligations of membership.

The Community's will to cooperate was reaffirmed at the second joint ministerial meeting between the EC and EFTA held in Brussels on 2 February 1988. In the joint declaration adopted at the meeting both parties reaffirm their determination to cooperate while the EFTA countries express their understanding of the need to give priority to the Community's integration process and the need to establish a balance between benefits and obligations. With regard to the elimination of technical barriers to trade both parties felt that present cooperation should be further intensified. They recognized that the realization of a dynamic European Economic Space was an ongoing process based on the Luxembourg Declaration of 1984 and on subsequent instruments of cooperation and expressions of political will.

A big step in EC-EFTA cooperation was taken on 1 January 1988 when the Convention on the simplification of formalities in trade in goods⁽⁹⁾ entered into force. According to the Convention the Community system of a single administrative document to be used in intra-Community trade, which came into effect on 1 January 1988, is from that date also applicable to EC-EFTA trade as well as to trade between the EFTA countries. Also on 1 January 1988 the Convention on a common transit procedure⁽¹⁰⁾ for the carriage of goods between the EC and EFTA countries as well as between the EFTA countries themselves entered into force.

COMECON/Council for Mutual Economic Assistance

A historical breakthrough in EC-COMECON relations was reached with the signature in Luxembourg on 25 June 1988 of a Joint Declaration on relations between the two entities. In May the last obstacle to the Declaration - an indirect reference to West Berlin as part of the Community - had been overcome by COMECON's acceptance of the formula that the Joint Declaration applies to the territory where the EC Treaties apply. After more than twelve years of contacts and negotiations, often with long interruptions, the Soviet Union and the other COMECON countries now officially recognize the European Community and a precondition for establishing official diplomatic relations between the parties is now fulfilled. Thus the Community's strategy aiming at a parallel approach to COMECON and its individual members has succeeded. COMECON has no powers similar to those of the Community within the field of trade policy and trade and/or cooperation agreements are therefore being negotiated with individual COMECON members.

In a legislative resolution of 16 June 1988(11) the European Parliament expressed a favourable opinion on the signing of the Joint Declaration.

Other issues

In June 1988 a cooperation agreement between the members of the Gulf Cooperation Council (Bahrein, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates) and the EC was signed. The parties have agreed to continue negotiations in order to be able to conclude a trade agreement at a later stage. The main issue in these negotiations is the conditions of access to the Community for refined oil products from the Gulf States.

In a Resolution of 30 October 1987 on the implementation by the Member States of the Community of economic sanctions against the Republic of South Africa the European Parliament strongly criticized the very limited extent of the sanctions decided by the Member States within the framework of European Political Cooperation. The Parliament considers these measures, which only affect 3.2% of all Community imports from South Africa 'an inadequate response given the gravity of the situation'. The Parliament also criticizes the decision to implement these sanctions by means of national legislation and takes the view that such measures should be embodied in Community legal instruments. It notes with concern 'that the degree of implementation of the economic restrictions varies significantly between Member States'.

On 1 July 1987 with the entry into force of the Single European Act (see Chapter I A) the Parliament obtained considerable powers within the field of external relations in cases where the assent procedure of Article 238 of the EEC Treaty applies to agreements with third countries. The assent of an absolute majority (260) of the Members of the European Parliament is now necessary for the conclusion of agreements falling under Article 238. While the conclusion of new financial protocols and protocols adapting existing agreements with other Mediterranean countries to take account of the accession of Spain and Portugal had previously received the assent of the European Parliament, the protocols with Israel failed to do so during the Parliament's vote on 9 March 1988(12). The vote on this basically technical matter seemed to a large extent to have been influenced by more general political considerations.

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- (1) GATT secretariat, February 1988.
 - (2) OJ No. L 275, 29.9.1987, p. 36
 - (3) OJ No. L 70, 16.3.1988
 - (4) OJ No. L 339, 1.12.1987
 - (5) OJ No. C 94, 11.4.1988
 - (6) OJ No. C 68, 14.3.1988, pp. 103-105
 - (7) PV 19 II, PE 123.526, pp. 41-47
 - (8) OJ No. L 167, 26.6.1987
 - (9) OJ No. L 134, 22.5.1987
 - (10) OJ No. L 226, 13.8.1987
 - (11) PV 18 II, PE 123.525, p. 31
 - (12) OJ No. C 94, 11.4.1988, pp. 55-56

EC TRADE WITH THIRD COUNTRIES

(billion ECU)

| | All third Countries | | | of which EFTA | | | USA | | | JAPAN | | | Developing Countries | | | State-Trading Countries | | |
|------|---------------------|-------|-------|---------------|------|-----|------|------|-------|-------|------|-------|----------------------|-------|-------|-------------------------|------|-------|
| | E | I | B | E | I | B | E | I | B | E | I | B | E | I | B | E | I | B |
| | | | | | | | | | | | | | | | | | | |
| 1972 | 65.8 | 65.6 | 0.2 | 16.8 | 12.3 | 4.5 | 11.3 | 11.5 | -0.2 | 1.5 | 2.7 | -1.2 | 19.0 | 24.4 | -5.4 | 5.3 | 5.1 | 0.2 |
| 1974 | 114.2 | 130.8 | -16.6 | 27.9 | 20.5 | 7.5 | 15.9 | 20.3 | -4.4 | 2.8 | 4.4 | -1.6 | 34.9 | 61.3 | -26.6 | 11.3 | 9.0 | 2.3 |
| 1976 | 141.3 | 159.6 | -18.3 | 33.5 | 24.9 | 8.6 | 16.2 | 25.3 | -9.1 | 2.7 | 6.4 | -3.7 | 51.0 | 70.0 | -19.0 | 14.2 | 12.4 | 1.9 |
| 1978 | 173.9 | 178.4 | -4.5 | 39.2 | 32.0 | 6.4 | 23.1 | 28.3 | -5.1 | 3.7 | 8.7 | -5.0 | 66.5 | 71.2 | -4.6 | 15.4 | 14.0 | -1.4 |
| 1980 | 224.4 | 271.6 | -47.1 | 57.0 | 40.9 | 6.1 | 26.6 | 44.3 | -17.7 | 4.6 | 12.5 | -7.9 | 83.4 | 114.6 | -31.2 | 18.7 | 21.9 | -3.2 |
| 1981 | 267.0 | 303.8 | -36.8 | 60.4 | 53.9 | 6.5 | 36.9 | 49.6 | -12.7 | 5.6 | 16.2 | -10.6 | 111.9 | 129.1 | -17.2 | 21.4 | 24.8 | -3.4 |
| 1982 | 286.5 | 308.5 | -22.0 | 65.3 | 57.5 | 6.8 | 42.9 | 53.8 | -10.9 | 6.3 | 18.0 | -11.7 | 117.1 | 128.8 | -11.7 | 19.9 | 29.1 | -9.2 |
| 1983 | 303.0 | 328.5 | -25.5 | 68.5 | 66.5 | 2.0 | 50.3 | 53.5 | -3.2 | 7.3 | 20.6 | -13.3 | 116.4 | 121.7 | -5.3 | 23.7 | 31.3 | -7.6 |
| 1984 | 351.2 | 382.1 | -30.9 | 78.2 | 77.8 | 0.4 | 70.3 | 61.9 | 8.4 | 9.0 | 24.5 | -15.5 | 123.3 | 135.1 | -11.8 | 25.5 | 38.6 | -13.1 |
| 1985 | 380.8 | 399.8 | -19.0 | 86.8 | 84.4 | 2.4 | 81.7 | 64.0 | 17.7 | 10.1 | 27.2 | -17.0 | 121.7 | 138.9 | -17.2 | 29.7 | 37.3 | -7.6 |
| 1986 | 341.9 | 336.3 | 5.6 | 87.2 | 78.7 | 8.5 | 75.2 | 56.6 | 18.5 | 11.4 | 33.2 | -21.8 | 107.6 | 108.7 | -1.1 | 27.6 | 30.3 | -2.7 |
| 1987 | 339.4 | 340.1 | -0.7 | 90.3 | 87.7 | 7.6 | 71.9 | 56.2 | 15.7 | 13.6 | 34.8 | -21.1 | 104.7 | 108.5 | -3.8 | 25.4 | 30.2 | -4.7 |

SOURCE: CROMOS, EUROSTAT

Monthly External Trade Bulletin and Microfiches

NOTE: E - Exports FOB
I - Imports CIF
B - Balance

-1- Indicates an EEC deficit

The figures for 1972 to 1980 refer to 9 Member States; Greece is included from 1981, Spain and Portugal from 1986.

DEVELOPMENT POLICY FOR THIRD WORLD COUNTRIES

1. In the period under review the two main events with regard to the European Communities' development policy for Third World countries, were the holding of the World Food Conference, on the initiative of Lord PLUMB, President of the European Parliament, on 7 and 8 April 1988 in Brussels, and the adoption by the European Parliament, during the May 1988 part-session, of the report on the fourth ACP-EEC Lomé Convention.

2. Faced with the imbalance of food production in the world, with a surplus in the North and shortages in the South, Lord PLUMB, President of the European Parliament, took the initiative of calling together 300 experts from all over the world to the World Food Conference on 7 and 8 April 1988 in Brussels. The aim of this conference, which was not an intergovernmental one, was to 'make a set of proposals for action to achieve a better balance in world food production, and to do so in a way which was fair to all parties, producers and manufacturers, consumers and customers'.

In a communiqué issued before the conference, Lord PLUMB stressed the importance of this question, as well as the unique nature of this conference in which the European Parliament was acting as a catalyst. The topics discussed were the following: How can agricultural production aid be reduced? What would be the effects of such a reduction on industrialized countries, and what are the problems inherent in agricultural readjustment? What is the role of food aid, and how can agricultural development be achieved in the Third World?

At the end of the conference, Lord PLUMB made recommendations for possible solutions as follows :

- introducing agricultural reforms. This would involve a considerable reduction in production aid;
- increasing the influence of market forces in order that more efficient use is made of world food resources;
- offering farmers temporary compensation, not linked to production, should their income fall below an acceptable level;

- promoting a large scale programme of rural development with a view to making the Third World self-sufficient;
- using food aid as a means of promoting growth in developing countries through the substantial transfer of resources in the form of contributions to the budget and to the balance of payments.

3. On 20 May 1988, the European Parliament adopted a resolution on the basis of a report on the Fourth ACP-EEC Lomé Convention(1). Parliament was anxious that this resolution should be adopted before the official opening of negotiations for the renewal of the Third Lomé Convention in September 1988. This was also intended to encourage the negotiating parties to take due account of the position and views of the European Parliament on the new cooperation between ACP and EEC countries.

The resolution begins by mentioning some problems and questions of a general nature such as the geographical context of the new Convention (future accession of Haiti and The Dominican Republic), its duration, problems connected with human rights, the social and human dimension, as well as cultural cooperation. A large part of this resolution also deals with the consolidation of what was achieved under the Third Lomé Convention, whilst at the same time stressing its shortcomings and failings, as well as the improvements which could be made both in the fields of financial and technical cooperation and trade, STABEX and SYSMIN, the role of the private sector, the NGOs, the EIB, and lastly the fight against hunger. It stresses that in Lomé IV priority must be given to rural development, whilst maintaining a balance between traditional food crops and export crops.

But the Fourth Lomé Convention will also have to adopt new strategies. Special measures will have to be taken to tackle the indebtedness of the ACP countries, develop inter-regional cooperation, restructure international measures, draw up a policy on health, and lastly to promote an institute for cultural cooperation. One of the main aspects of the future convention will also have to be the strengthening of the social dimension, taking due account of the main ILO International Labour Conventions.

Referring more specifically to the parliamentary bodies of ACP-EEC cooperation, the resolution welcomes the improvements brought about under the 3rd Convention in connection with the ACP-EEC Joint Assembly and some of its organs, namely the Bureau and the ad hoc working parties. It also calls for certain activities to be stepped up, in particular the fact-finding visits by

members in various ACP countries. Nor should the role of the meetings between the economic and social partners of ACP and EEC countries be forgotten. The resolution also calls for financial autonomy, and consequently autonomy of action, to be given to the Joint Assembly, and for existing working parties to be converted into standing committees similar to the parliamentary committees within the European Parliament.

4. Pursuant to Article 235 of the EEC Treaty, Parliament was asked for an opinion by the Council on a communication on a draft regulation amending Regulation (EEC No. 3972/86 on food aid policy and food aid management)(2). It must be pointed out that this regulation, following that in 1982 (Regulation (EEC No. 3331/82), was only adopted by the Council for one year after the conciliation procedure, which at the time had already been initiated with Parliament(3).

The motion for a resolution adopted by Parliament on 20 November 1987 took account of the original demands made by Parliament, namely that the overall quantities to be supplied to each country should be fixed 'in accordance with budgetary appropriations'. The resolution also stipulates that should the Council differ from Parliament's opinion, the latter reserved the right to initiate a new conciliation procedure. A conciliation procedure did in fact take place on 26 April 1988, and an agreement was reached as follows: Regulation (EEC) No. 3972/86 will be extended for one year and the conciliation procedure will be resumed following the judgment of the Court of Justice on 'Commitology'.

On 15 October 1987, Parliament adopted a resolution on the **famine in Ethiopia**(4) and on the emergency aid to be granted to that country. On 12 October 1987(4), Parliament also adopted a resolution concerning the political, economic and social situation in, and the conditions of Community aid to **Bangladesh**. Lastly, on 22 January 1988, Parliament adopted a motion for a resolution calling for Community aid for Operation Flood in India to be extended under certain conditions(5). The aim of this operation, which started in 1970, is to ensure a steady and regular supply of milk and milk products and the Community contributes food aid in these products.

5. Following the accession of Spain and Portugal to the Community, it was necessary to modify the cooperation agreements between the EEC and the **Maghreb** (Algeria, Tunisia and Morocco) and **Mashreq countries** (Egypt, Jordan, Syria and Lebanon). Pursuant to the procedure laid down by the Single European Act, the European Parliament must give its assent to the conclusion

of additional Protocols as well as new financial Protocols. Parliament duly gave its assent during its part-sessions of 16 September 1987(6), 16 December 1987(7), 15 June 1988(8) and 6 July 1988(9).

6. A delegation from the European Parliament attended the final sittings of the **Seventh Session of UNCTAD** which was held in Geneva from 9 July to 3 August 1987. The resolution adopted by the European Parliament on 30 November 1987(10), reports on the work done in Geneva, and deplores the fact that no new initiatives had been taken for the least-developed countries. It also refers to the resolution it adopted following the UNCTAD meeting in Belgrade in 1983(11), and once again invites the President of Parliament to make contact with the President of the Council and the President of the Commission in order to establish common guidelines for the involvement of Members of the European Parliament within future delegations to UNCTAD or similar UN bodies, by giving them proper status.

7. On 7 October 1987, Parliament was consulted on the implementation of a 60 million ECU **special Community programme** to aid certain **highly indebted low-income countries in sub-Saharan Africa**. This programme was approved by Parliament in plenary on 20 November 1987(12).

8. On 18 November 1987, the rapporteur of the Committee on Development and Cooperation made a recommendation to Parliament for the second reading on the position of the Council on a decision relating to a **research and development programme in the field of science and technology for development (1987-1990)**(13). Approval at the first reading had been given by Parliament in plenary on 18 September 1987(13). Pursuant to Article 130q, second paragraph and Article 142(2) of the EEC Treaty, the President of the Council had forwarded the Common Position of the Council on this matter. During its meeting of 4 November 1987 the Committee on Development and Cooperation considered this Common Position and, on 5 November, recommended that Parliament should amend the Common Position of the Council by incorporating amendments mainly concerning the legal nature of the Commission's proposal, as well as the competence of the Management and Coordination Advisory Committee on matters of this kind.

9. As every year, the European Parliament adopted resolutions on two subjects on which the Council asks for its opinion: a resolution on regulations fixing the Community's **generalized tariff preferences scheme for 1988** (sitting of 16 October 1987)(14); and a resolution on the decision determining the general guidelines for 1988 concerning **financial and technical aid to Latin American and Asian developing countries** (sitting of 11 February 1988)(15).

10. The ACP-EEC Joint Assembly held one meeting in Lisbon, Portugal, from 28 September to 2 October 1987, and a second in Lomé, Togo, from 21 to 25 March 1988. Most of the first meeting was devoted to consideration of the general report on regional cooperation in ACP States (rapporteur : Mr HAMBAYI (Zambia)). Of the 25 resolutions adopted at the meeting(16), the one on this question should be singled out because it invites the signatories of the Lomé Convention to establish closer regional cooperation in anticipation of the negotiations for Lomé IV. Some suggestions were made on the privileged sectors in the field of regional cooperation as regards transport and communications, trade and services, as well as the environment and natural resources. The Assembly also approved the proposals contained in this report, namely the organization of a conference on regional cooperation, the strengthening of the Commission delegation in a series of predetermined regional centres and greater efficiency of regional organizations in ACP States.

The Joint Assembly also considered a report on rural development and environmental problems, and adopted the motion for a resolution submitted to it. This resolution is divided into 9 chapters which include development of stock farming and rational use of grazing land and fishery resources in ACP countries, agronomic research and training the rural population, the socio-cultural environment, ACP-EEC and intra-ACP trade in agricultural products, the financing of agricultural development, and assessment of ACP-EEC cooperation in this field.

On 1 October 1987, several other motions for resolutions were adopted on the situation in Mozambique, in Angola, in Chad, and in East Timor, on the results of the mission to Surinam, on North/South interdependence, coffee, cocoa, sugar, molasses, shelter for the homeless in ACP and EEC States, solidarity between Lomé Convention partners, cooperation between the ACP States of the Pacific and the EEC, the promotion of international labour standards, protecting farmers' incomes and on the problem of indebtedness.

For its part, the European Parliament approved the resolutions adopted by the Lisbon Joint Assembly in a resolution adopted in plenary on 18 December 1987(17).

During the second meeting, which was held in Lomé (Togo) from 21 to 25 March 1988, there was an initial exchange of views on the renewal of the Third Lomé Convention. In the view of the rapporteur, if rural development is still to be given priority in Lomé IV, the same priority should be given to other

productive sectors such as the industrial, cooperative and tertiary sectors. But the Joint Assembly had already asked for a number of points to be included in the Convention, in particular the strengthening of socio-cultural cooperation for development between ACP and EEC communes, and better cooperation in the health sector.

The chairmen and rapporteurs of the three ad hoc working parties (for refugees and displaced persons in ACP countries, raw materials and primary products, technology, education and development) also reported on the work done in their successive meetings. Lastly, an interim report on health in ACP States was presented on behalf of the four co-rapporteurs, giving particular emphasis to the need for more attention to be paid to health issues in the next ACP-EEC Convention.

The Joint Assembly, adopted no fewer than 17 resolutions during this meeting. For example, once again it condemned South Africa, and demanded that the sanctions already adopted, as well as additional sanctions should be respected, in particular an embargo on coal imports from South Africa. Other resolutions were adopted on the situation in Surinam, in Equatorial Guinea and in Chad, the accession of Haiti and the Dominican Republic to Lomé IV, food aid and the role of the NGOs, the manifesto of the Heads of State on the fight against hunger, national archives, socio-cultural cooperation, sugar, ACP-EEC cooperation on health issues, the renewed upsurge of racism in Europe and death sentences in South Africa.

- (1) Doc. A 2-49/88, rapporteur: Mr BERSANI; OJ No. C 167, 27.6.1988
- (2) Doc. A 2-221/87, rapporteur: Mr TURNER; OJ No. C 345, 21.12.1987
- (3) PE 114.500, No. 3, pt 5
- (4) Doc. B 2-1033/87, A 2-80/87, rapporteur: Mr BALFE; OJ No. C 305, 16.11.1987
- (5) Doc. A 2-247/87, rapporteur: Mr TELKAMPER; OJ No. C 49, 22.2.1988
- (6) Docs. A 2-136/87 to A 2-144/87, Doc. A 2-104/87/rev., rapporteur: Mr PATTERSON; OJ No. C 281, 19.10.1987
- (7) Doc. A 2-210/87 to A 2-213/87, Doc. A 2-242/87, rapporteur: Mr PATTERSON; OJ No. C 13, 18.1.1988
- (8) Doc. A 2-94/88, A 2-95/88, A 2-96/88, rapporteur: Mr PATTERSON; OJ No. C 187, 18.7.1988
- (9) Doc. A 2-97/88, A 2-98/88; rapporteur: Mr PATTERSON
- (10) Doc. A 2-179/87, rapporteur: Mr COHEN; OJ No. C 318, 30.11.1987
- (11) PE 90.700, No. 3
- (12) Doc. A 2-222/87, rapporteur: Mr NORDMANN; OJ No. C 345, 21.12.1987
- (13) Doc. A 2-44/87, Doc. A 2-196/87, rapporteur: Mrs PANTAZI; OJ No. C 281, 19.10.1987, OJ No. C 345, 21.12.1987
- (14) Doc. A 2-170/87, rapporteur: Mr ULBURGHS; OJ No. C 305, 16.11.1987
- (15) Doc. A 2-277/87, rapporteur: Mrs DALY; OJ No. C 68, 14.3.1988
- (16) OJ No. C 50, 22.2.1988; general rapporteur: Mr HAMBAYI (Zambia), rapporteur: Mr SENE (Senegal)
- (17) Doc. A 2-224/87, rapporteur: Mrs CASSANMAGNAGO CERRETTI; OJ No. C 13, 18.1.1988

THE PROTECTION OF HUMAN RIGHTS WITHIN THE COMMUNITY

Unlike most of the Member States' constitutions, the treaties establishing the European Communities do not provide for systematic protection of the citizen's fundamental rights.

They simply require recognition of certain 'practical' rights, as a corollary to the measures taken for the attainment of the common market. For example, the EEC Treaty prohibits discrimination on grounds of nationality (Articles 7, 40, 45, 79 and 95) and establishes the right of freedom of movement and the right to social security benefits (Article 48 et seq.), the right of establishment (Article 52 et seq.), the right of freedom to provide services (Article 59 et seq.) and the right to equal pay for men and women (Article 119). Article 220 provides that negotiations may be opened within the Community with a view to securing 'the protection of persons and the enjoyment and protection of rights under the same conditions as those accorded by each State to its nationals'. And finally, Article 222 refers to the right to own property.

Notwithstanding the lacunae in the treaties, fundamental rights are fully incorporated into the Community legal system, in particular by virtue of the case law of the Court of Justice and the various legislative provisions introduced by the Community institutions. This development has been reinforced by the adoption of two Declarations by the three institutions, annexed to the Treaties establishing the European Communities; one on fundamental rights, of 5 April 1977, the other against racism and xenophobia, of 11 June 1986.

The desire to protect human rights within the Community has also been strengthened by the preamble to the Single Act, in which the Heads of State and Government declare themselves 'determined to work together to promote democracy on the basis of the fundamental rights recognized in the constitutions and laws of the Member States, in the Convention for the Protection of Human Rights and Fundamental Freedoms and the European Social Charter, notably freedom, equality and social justice.'

In addition, a number of legislative acts have broadened the scope of certain treaty provisions and strengthened the protection of fundamental rights. For example, Directive 76/207/EEC on equal treatment for men and women on the basis of Article 119 of the EEC Treaty provides for such treatment to be applied not only in terms of pay but with regard to all conditions of work(1).

The European Parliament has made a significant contribution to this positive development, both through its opinions on the Commission's proposals and by means of own-initiative reports and other measures of various kinds(2). For example, the Committee on Institutional Affairs has drawn up a 'white paper on the European Community's contribution to supporting and safeguarding the fundamental rights and freedoms of European citizens' - a document which formed the basis of discussion at a Symposium bringing together eminent lawyers in Florence in May 1988 - and considered the desirability of drawing up a catalogue of fundamental rights guaranteed within the Community.

During the reference period (July 1987 - June 1988), Parliament continued its activities in defence of the rights of the individual, working both at the institutional and at an individual level.

As for the resolutions adopted during the reference period, the following deserve special mention:

- the resolution of 18 September 1987 on individuals studying in a country other than their country of origin(3), reaffirming the right of students to enjoy freedom of movement within the Community in the same way as workers and calling for the creation of a European student card;
- the resolution of 14 October 1987 on discrimination against immigrant women and female migrant workers in legislation and regulations in the Community(4), inviting the Member States to respect the principles of equal opportunities and non-discrimination on the grounds of nationality in their policy with regard to women from third countries and female migrant workers;
- the resolution of 15 December 1987 on voting rights in local elections for Community nationals(5), which calls for the right to vote in local elections not only for migrant Community nationals, but also for the nationals of third countries residing in the EEC;

- the resolution of 9 February 1988 on the revival of fascism in Europe, calling for a joint effort by the European institutions and the Member States at the institutional, legal and social levels and in the areas of information and education(6);
- the resolution of 10 March 1988 on the failure to comply with the directives on equal treatment for men and women(7), calling for the abolition of all inequalities and indirect discrimination between men and women.

To conclude, we would point out that the Committee on Legal Affairs and Citizens' Rights is currently drafting a number of reports with important implications for the protection of fundamental individual rights:

- report on questions of medical ethics;
- draft report on the establishment of a Court of First Instance (Single Act);
- draft report on the creation of a European law for ethnic groups.

(1) OJ No. L 39, 14.2.1976

(2) A brief account of the action so far taken by the European Parliament to protect individual rights is to be found in the fact sheets on the European Parliament and the activities of the European Community which are published and periodically updated by the Directorate-General for Research.

(3) OJ No. C 281, 19.10.1987

(4) OJ No. C 305, 16.11.1987

(5) OJ No. C 13, 18.1.1988

(6) OJ No. C 68, 14.3.1988

(7) Not yet published in the OJ; see Doc. A 2-294/87

THE PROTECTION OF HUMAN RIGHTS IN THE WORLD

In recent years, especially since its election by direct universal suffrage, the European Parliament has devoted a large part of its activities to problems linked to respect for and protection of human rights in the world and has begun to attract the interest of public opinion and the mass media on these issues.

The adoption of the Single Act and, in particular its preamble with its reference to 'the principles of democracy and compliance with the law and with human rights', and the declaration on human rights adopted on 21 July 1986 by the Foreign Ministers meeting in European Political Cooperation, have strengthened the foundations of the human rights policy as well as the awareness that the protection of these rights is a basic factor implying a clearly-defined identity, even in relation to third countries.

Ever since its constituent sitting in July 1984 the European Parliament has been most active in its defence of human rights, condemning the most blatant and serious violations and putting forward proposals for more effective protection of these rights.

Its debates, its decisions, its resolutions, the oral and written questions of its Members, its fact-finding missions, the visits of its delegations, its topical and urgent debates, its public hearings and, in general, the actions in which it has engaged in the area of the defence of human rights - all these factors have enabled the European Parliament to present a more solid public image.

Among the resolutions adopted by the European Parliament between July 1987 and June 1988, in the context of the debates on topical and urgent subjects of major importance (Rule 64 of the Rules of Procedure), the following may be recalled:

- a large number of resolutions on the situation in South Africa, including the resolution adopted on 10 March 1988(1) by a large majority in which the European Parliament, reiterating its total abhorrence of the South African Government's policy of apartheid and the evil consequences that flow therefrom, and convinced that freedom of speech and of political expression

and activities of a non-violent nature are fundamental human rights, condemns the measures taken by the South African Government on 24 February 1988 proscribing the political activities of 17 organizations and of certain individuals.

In the same resolution, the European Parliament calls on the South African Government to enter into a constructive dialogue with all parties opposed to apartheid to establish a just political system based on the concept of equal rights and universal suffrage, and expresses support for all those who engage in protests of a non-violent nature against the Government's measures.

In other, previous, resolutions on South Africa, adopted respectively on 9 July 1987(2), 17 September 1987(3), 15 October 1987(4) and 19 November 1987(5), the European Parliament deplores the harsh and unreasonable sentence imposed on 17 school students on 8 June 1987, calling on the South African Government immediately to release them and expresses its total condemnation of the executions and death sentences on 1 September 1987 and of the continued imprisonment of thousands of opponents of apartheid, including Nelson Mandela.

It should be stressed that the question of apartheid in southern Africa, as well as that of human rights in the ACP countries in general, has always been one of the main concerns of both the Committee on Development and Cooperation and the ACP-EEC Joint Assembly. These problems will, however, be considered in greater detail in Chapter 3 ('Development Policy for Third World Countries').

Mention may be made here of the report adopted on 20 May 1988(5a) on the Fourth Lomé Convention.

In the resolution, adopted by a large majority, the European Parliament stresses the importance of the rights of man and of nations as a basic prerequisite for any development, considering that the promotion of human rights must constitute the pillar of the new Convention. It also calls for reinforcement of the provisions concerning human rights in the new Convention, through the creation of machinery to help promote and encourage respect for fundamental rights and the individual in all the member countries.

On several occasions, with respect to the Soviet Union, the European Parliament has considered the problems of 'refuseniks' and 'secretniks', abuses in psychiatric hospitals, the ethnic minorities in the Baltic States and Armenia and reunification of families.

In a resolution of 15 October 1987(6) on freedom for Jews to emigrate from the USSR and on the concept of 'state secrets', the European Parliament recalls that by signing and ratifying the International Covenant on Political Rights (1966) the Soviet authorities have recognized the right of their subjects to leave the country should they so desire, welcomes the fact that since the beginning of 1987 the emigration figures have been higher than those for 1985 to 1986 and that recently long-term 'refuseniks' have been able to emigrate. It is, however, disturbed at the large number of Soviet citizens refused exit and calls on the Soviet authorities to grant exit visas to all Jews who have applied for one.

In a resolution of 19 May 1988(7), the European Parliament again addressed the question of the continued denial of the right to emigrate of 11 'refuseniks' whose health was causing grave concern.

On 15 October 1987, the European Parliament adopted a resolution(8) on the need for respect for human rights in the Baltic States, in which, disturbed at the drive towards 'Russification' in those countries, bringing with it the risk that the indigenous population, particularly in Estonia and Latvia, will become a minority, it urges the Soviet Government to release all Baltic political and religious prisoners and to respect the right of self-determination and human rights in those states. It may be recalled, in this connection, that during the part-session in April 1987, the European Parliament buildings in Strasbourg were the scene of a large-scale movement of solidarity with the 'refuseniks'. A press conference was organized in the presence of Nathan Shcharansky, who talked with the President of the European Parliament, Lord Plumb.

The resolutions adopted in the context of the debates on topical and urgent subjects of major importance on special or individual cases involving human rights include the following:

- on the imprisonment of a French journalist in Afghanistan (Alain Guillo)(9), tabled by various political groups and adopted on 19 November 1987, in which, even before his sentencing by a court, the European Parliament expressed its concern at the dangers facing Alain Guillo, and called for his immediate release.

The European Parliament returned to the subject on 21 January 1988, when it adopted a joint resolution tabled by five political groups(10) in which, having regard to the ten-year prison sentence imposed on Alain Guillo on 4 January 1988 by a special court martial which, without the presence of a lawyer, found him guilty of spying and subversive activities, it called on the Afghan authorities to respect the rights and liberties of journalists, in particular their right to freedom of movement, and to release Guillo immediately.

As well as Mr Guillo, an Italian journalist, Fausto Biloslavo, was held in the same conditions at Kabul prison. The European Parliament therefore returned to the subject once again, this time on 19 May 1988, with another resolution(11) in which it again called on the Afghan authorities to release the two Western journalists.

A few days later, Alain Guillo, following the parallel efforts of the President of the French Republic, was pardoned and allowed to return to France. Four days later Fausto Biloslavo was also released.

- on missing persons in Peru(12), adopted on 14 April 1988;
- on the arrest and detention of 4 human rights workers in the Israeli-occupied Territories(13), adopted on 14 April 1988;
- on the re-arrest of political detainees in Singapore(14), adopted on 19 May 1988;
- on the imprisonment of Mr Abraha Serfaty and Mr Hassan EL Bou in Morocco(15), adopted on 11 February 1988;
- on the detention of intellectuals in Somalia(16), adopted on 21 January 1988;
- on the situation of the political prisoners, Alberto Valdes Terán and Amado Rodríguez Fernández in Cuba(17), adopted on 21 January 1988;
- on the imprisonment of Mrs Herrera in Chile(18), adopted on 17 December 1987;
- on the large number of conscientious objectors in Eastern European countries(19), adopted on 17 December 1987;

- on the release of Anna Chertkova from the Kazan psychiatric prison hospital (Soviet Union)(20) , adopted on 29 October 1987;
- on the imprisonment of a young Frenchman in Turkey(21), adopted on 15 October 1987;
- on the kidnapping of a young Frenchwoman in Ethiopia(22) , adopted on 15 October 1987;
- on the disappearance of Marta Galicia and Salvador Ubau in El Salvador(23) adopted on 15 October 1987;
- on the imprisonment of Hélène Passtoors in South Africa(24) , adopted on 15 October 1987;
- on political prisoners in Pakistan(25) , adopted on 17 September 1987;
- on the execution of 9 persons in Libya on 7 February 1987(26), adopted on 9 July 1987.

In adopting the report on political relations between the European Community and the United States of America(27) the European Parliament addressed the problem of the death penalty. It may be recalled here that on 14 May 1987(28), a resolution on the death sentence passed on Paula Cooper was adopted, and that numerous initiatives were taken on the matter, including those of the Chairman of the Subcommittee on Human Rights of the European Parliament, Mr De Gucht and Commissioner Ripa di Meana.

In the resolution accompanying the report, the European Parliament points out that most states in the United States remain committed to capital punishment, and expresses its deep concern that the number of prisoners on 'death row' has been the highest on record and that in 26 states persons under 18 can be sentenced to death.

On 17 June 1987, the European Parliament adopted the report(29) on the implementation of the Helsinki Agreement and the role of the European Parliament in the CSCE process. The rapporteur addressed, in particular, the problem of human rights and cooperation in the humanitarian field, stressing the indissociable and universal character of the civil and political rights and the economic, social and cultural rights recognized by the Helsinki Final Act. In adopting, in final form, the resolution accompanying this report, the

European Parliament, while noting that in the parliamentary democracies of Western Europe, fundamental political rights are respected, denounces the continuing violation by the authorities of the Soviet Union and other members of COMECON of the provisions of the Helsinki Final Act on human rights, with particular regard to the freedoms of association, expression, opinion, belief and movement and the freedom of assembly, takes note of the recent measures taken on behalf of dissidents but strongly urges the USSR to respect the principles contained in the third basket of the Helsinki Final Act, particularly as regards the reunification of families, and demands the release of all political prisoners and prisoners of conscience as well as authorization to emigrate for all those who request it.

Some months later, on 21 January 1988(30), the European Parliament, pursuant to Rule 65 of its Rules of Procedure ('Any Member may add his signature to a declaration entered in the register. ... As soon as a declaration entered in the register has been signed by at least one half of the current Members of the Parliament, the text of the declaration shall be forwarded to the institutions named by the author together with the names of the signatories'), adopted a written declaration on human rights and the reunification of families, requesting, inter alia, that exit visas be immediately granted to ten 'refuseniks'.

In 1986 and 1987, the European Parliament several times addressed the problem of the hostages in Lebanon. On 14 September 1987, its President, Lord Plumb, made a solemn declaration on the hostages in Lebanon, reading out their names and making a moving appeal for their release(31).

It should be stressed here that the European Parliament has, via its delegations, concerned itself with human rights violations in the countries where such violations occur. In particular, the delegation for relations with the countries of South America and the delegation for relations with the countries of Central America and the Contadora Group were especially active, in the period under review, in the field of human rights.

The problem of human rights in Central America was addressed by the plenary Assembly when it adopted, on 11 March 1988, the report(32) on the situation in Central America. In the resolution accompanying the report, the European Parliament declared that it is essential, that if democracy and peace are to be established, that the governments concerned should respect the freedom of the media, of religion, of trade unions and the independence of the judiciary and insists that these principles are incompatible with the establishment of the Single Party State; asks the governments of Central America, and the

authorities responsible for applying the Inter-American Convention on Human Rights to do more within the framework of the Esquipulas Agreement to implement the convention on the protection of civilians in wartime; and considers a well-balanced economic and development strategy with regard to Central America on the part of the European Community to be an important factor in a global peace policy directed towards social justice, equality of opportunity, and constitutional and democratic conditions, which will thereby undermine all forms of violence and all violations of human rights and fundamental freedoms.

During the period under review, 68 resolutions concerning violations of human rights stricto sensu throughout the world were adopted during the topical and urgent debates (Rule 64 of the Rules of Procedure); at Question Time answers were given to 22 written questions and 45 oral questions by the Commission and the Foreign Ministers meeting in European Political Cooperation.

In conclusion, it should be stressed that, in addition to the instruments available to Members under the Rules of Procedure, there have been an increasing number of initiatives and statements in defence of the rights of the individual throughout the world by the President of the European Parliament, the Chairman of the Political Affairs Committee, the Chairman and members of the Subcommittee on Human Rights, the Chairmen of the parliamentary delegations of the ACP-EEC Assembly and, in general, by all political groups and Members of the European Parliament.

- (1) Joint resolution replacing Docs. B 2-3, 11, 20, 51/88, adopted on 10 March 1988, OJ No. C 4, 11.4.1988
- (2) Joint resolution replacing Docs. B 2-680, 684, 697/87, adopted on 9 July 1987, OJ No. C 246, 14.9.1987
- (3) Doc. B 2-865/87, OJ No. C 281, 19.10.1987
- (4) Doc. B 2-1017/87, OJ No. C 305, 16.11.1987
- (5) Doc. B 2-1288/87, OJ No. C 345, 21.12.1987
- (5a) Doc. A 2-49/88, adopted on 20 May 1988, Minutes of 20 May 1988 (rapporteur: Mr Bersani)
- (6) Joint resolution replacing Docs. B 2-1007/87 and B 2-1014/87, OJ No. C 305, 16.11.1987
- (7) Doc. B 2-260/88, Minutes of 19 May 1988
- (8) Joint resolution, Doc. B 2-1052/87, OJ No. C 305, 16.11.1987
- (9) Joint resolution replacing Docs. B 2-1311, 1322, 1330/87, OJ No. C 345, 21.12.1987
- (10) Joint resolution replacing Docs. B 2-1604, 1611, 1626, 1640, 1642/87, OJ No. C 49, 22.2.1988
- (11) Doc. B 2-327/88, Minutes of 19 May 1988
- (12) Doc. B 2-117/88, Minutes of 14 April 1988
- (13) Doc. B 2-124/88, Minutes of 14 April 1988
- (14) Joint resolution replacing Docs. B 2-262, 274/88, Minutes of 19 May 1988
- (15) Doc. B 2-1746/87, OJ No. C 68, 14.3.1988
- (16) Doc. B 2-1621/87, OJ No. C 49, 22.2.1988
- (17) Doc. B 2-1635/87, OJ No. C 49, 22.2.1988
- (18) Doc. B 2-1456/87, OJ No. C 13, 18.1.1988
- (19) Doc. B 2-1484/87, OJ No. C 13, 18.1.1988
- (20) Doc. B 2-1170/87, OJ No. C 318, 30.11.1987
- (21) Doc. B 2-1031/87, OJ No. C 305, 16.11.1987
- (22) Doc. B 2-1065/87, OJ No. C 305, 16.11.1987
- (23) Doc. B 2-1023/87, OJ No. C 305, 16.11.1987
- (24) Doc. B 2-1017/87, OJ No. C 305, 16.11.1987
- (25) Joint resolution replacing Docs. B 2-665, 671/87, OJ No. C 281, 19.10.1987
- (26) Doc. B 2-653/87, OJ No. C 246, 14.9.1987
- (27) Doc. A 2-105/87, adopted on 17 September 1987, OJ No. C 281, 19.10.1987 (rapporteur: Lord Bethell)
- (28) Resolution adopted on 14 May 1987, Minutes of 14 May 1987
- (29) Doc. A 2-77/87, adopted on 17 June 1987, OJ No. C 190, 20.7.1987 (rapporteur: Mr Campinos)
- (30) Written declaration, Doc. B 2-1506/87, OJ No. C 49, 22.2.1988
- (31) Plumb Declaration of 14 September 1987, OJ No. C 281, 19.10.1987, p. 1
- (32) Doc. A 2-271/87, adopted on 11 March 1988, OJ No. C 94, 11.4.1988 (rapporteur: Mr Glinne)

PETITIONS TO THE EUROPEAN PARLIAMENT

1. CRITERIA FOR THE ADMISSIBILITY OF PETITIONS

Petitions submitted to the European Parliament by European Community citizens are now considered by the Committee on Petitions, which was set up on 21 January 1987, whereas they used to come within the terms of reference of the Committee on the Rules of Procedure and Petitions.

Under Rule 128 of the Rules of Procedure, 'every citizen of the Community ... shall have the right, individually or jointly with others, to address written complaints (petitions) to the European Parliament'. To be declared admissible, a petition must fall within the sphere of activities of the European Communities; the general subject matter of a petition may therefore concern or be referred to in acts such as acts adopted in accordance with the Treaties (regulations, directives, decisions or recommendations), the budgets of the European Communities, resolutions of Parliament or Member States' legal acts relating to Community provisions.

II. NEW PETITIONS

Almost 500 new petitions were received in the period under consideration, an increase of more than 50%.

These petitions break down into three broad categories: those which raise a problem in an area covered by Community law and to which it should be possible to find a solution in European law; those which call for a solution at a purely national level and require an approach to the relevant administrative authorities; and those to which there is no answer in either European or national law.

The subject-matter of the petitions submitted to the European Parliament is extremely varied, ranging from protection for sites or the environment to unrestricted rights to social security benefits or to respect for human rights. The following problems, however, came up in particular:

- the right of residence and freedom of movement between countries: many petitions were submitted regarding the rights of persons who decide to go and live in a country other than their country of origin;

- freedom of movement for teachers: many Member States still refuse to allow persons from another Member State access to public posts, in particular in the teaching sector. In view of the increase in the number of complaints and petitions, the Commission has initiated a procedure under Article 169 of the Treaty against certain Member States and is drafting a communication to the Council on this problem;
- mutual recognition of training: freedom of movement for workers often comes up against problems of the recognition of diplomas, and the number of petitions submitted on this subject bears this out;
- infrastructure projects with consequences for the environment;
- abduction of children: such cases are now the subject of a separate examination procedure, as the European Parliament has appointed an arbitrator, Mrs Vayssade, to consider the possible solutions between parents.

The Committee on Petitions has also tabled an oral question on compensation for the victims of acts of violence and on the harmonization of the legislation on driving licences.

On the basis of the many petitions it has received, it is also drafting reports on:

- unequal treatment of transsexuals;
- conscientious objectors;
- problems connected with the purchase of property abroad.

III. STRENGTHENING THE RIGHT OF PETITION

The desire to extend the right of Community citizens to petition against a Community enactment or with regard to de jure circumstances has been a matter of constant concern to Parliament, with a view to making that right genuinely effective. Though the European Parliament has been able to establish close cooperation with the Commission, it is still coming up against the apathy and silence of certain national authorities. The European Parliament has therefore taken the initiative of opening interinstitutional negotiations on improving the procedures for dealing with petitions, which should result in an exchange of letters confirming the Commission's role of providing information and binding the Council to ensure better cooperation from the authorities of the various Member States.

The Committee on Petitions has also strengthened its links with existing committees on petitions in the Member States and with the Community arbitrators or ombudsmen who also act as links in the handling of certain petitions examined by Parliament.

Finally, it should be noted that the Committee on Petitions will henceforth produce an annual report to be discussed in plenary sitting, which will allow a general debate in the presence of the Commission on the development of European citizens' right to submit petitions and the conditions under which it is exercised.

COMMUNITY ACTION FOR WOMEN

In its resolution of 17 January 1984(1), the European Parliament called on the Community institutions to set an example with regard to constructive measures to promote equal opportunities for women by putting into effect a full programme of affirmative action in their own departments.

Following that resolution, the European Parliament debated in June 1987 the report on the situation of women in the institutions of the European Community(2), drawn up on behalf of the Committee on Women's Rights.

In the resolution adopted on 18 June 1987(3), the European Parliament calls for a thorough investigation of the failure to promote women to the grades where they are under-represented and for the setting up of a programme of positive action with explicit target figures whereby, in those grades, an annual progress of at least 10% is made.

The President of the European Parliament was requested to convene the Equal Opportunities Committee set up by the Commission and the European Parliament. That committee will have to submit a report to the Committee on Women's Rights in a year's time.

During its first part-session in October 1987(4), the European Parliament dealt with four areas in which women suffer discrimination: sport, the media, reintegration into working life and immigrant women.

In its resolution on women in sport(5), the European Parliament calls for equal access to sport for all citizens, regardless of sex or social conditions, to be incorporated into the rules of national and international federations, for the authorities of the Member States to refuse to give grants to sporting clubs and organizations which discriminate against women, for adequate facilities to be provided, for women to be helped to get to sports facilities by increasing public transport and for crèches to be opened in sports and leisure centres. Finally, it calls for the organization of a Women's Sports Week with the support and help of the Commission.

As regards the situation of women in the media(6), the report calls in essence for women to be given preferential treatment within the context of positive action until a situation has been reached in which they have equal rights, because the fact that few women have positions of responsibility in the media influences the traditional image of women purveyed by the media.

Women in the television and radio organizations and the press are therefore called on to form their own network, the media being asked to provide them with financial aid if necessary. Advertising agencies are asked to eliminate all advertising methods and practices which run counter to the principles of respect for the dignity of women.

With regard to the reintegration of women into working life(7), the report of the Committee on Women's Rights shows that most women prefer to combine having a family with a job and that there is no going back on women's wish to be gainfully employed. The situation in which women leave their jobs to bring up their children should be avoided so as not to have to resolve the difficult problem of reintegrating them into working life.

The European Parliament suggests that women who temporarily leave their employment should keep in contact with their firms so that they are given priority when new or temporary staff are taken on and when courses are organized and posts fall vacant. On the other hand, women who wish to work again should be treated like other long-term unemployed persons as soon as they come on to the labour market: the same rights with regard to retraining, supplementary training and refresher courses.

There was a heated debate on discrimination against women in immigration legislation(8). The European Parliament's resolution:

- called on the governments of the Member States to amend the legislation governing the residence of immigrant women so that respect for family life is protected and intervention by the State in private relations between spouses is eliminated;
- calls for free language and literary courses to be given to immigrant women;
- stressed also that the children of immigrants must have equal access to public child-care facilities.

During the March 1988 part-session(9), the European Parliament debated two reports drawn up by the Committee on Women's Rights, one on the failure to comply with directives on the equal treatment of men and women (the problem of indirect discrimination) and the other on women and employment.

In its resolution on the first report(10), the European Parliament points out that discrimination against women is indirect as well. There is a problem of definition in this area. The Commission must provide a Community guide to job classification (because the compartmentalization of work encourages direct discrimination) and the Member States must abolish certain protective legislation which discriminates against women, especially when they are recruited.

As regards the employment of women(11), the European Parliament notes in its resolution that working women are still concentrated in a small number of sectors (services, office work and domestic employment) although they obtain the best results at school.

Discrimination as regards employment and promotion are still current practice and women are under-represented in the higher echelons, their average remuneration for the same work therein between 70 and 75% of that of men.

The European Parliament therefore asks for more dissuasive sanctions for employers in breach of equality legislation, the reversal of the burden of proof in cases of violation of the principle of equal pay, measures to help reintegration after interruption of paid employment and the setting up of the appropriate child-care infrastructures.

It also calls for specific measures to be taken to destroy the numerous stereotypes with regard to women's role in society.

Court of Justice

During the year, the Court took important decisions on equal treatment on the basis of actions brought before it by way of reference for a preliminary ruling or actions which had to be brought before it:

In Case 384/85 (Clarke v Chief Adjudication Officer), the Court ruled on 24 June 1987 that Article 4(1) of Council Directive 79/7 of 19 December 1978 on the prohibition on any discrimination based on sex in matters of social security 'could be relied upon as from 23 December 1984 in order to prevent

the extension beyond that date of the effects of an earlier national provision inconsistent with Article 4(1). In the absence of appropriate measures for the implementation of that article, women are entitled to be treated in the same manner, and to have the same rules applied to them, as men who are in the same situation, since, where the directive has not been implemented, those rules remain the only valid point of reference.'

In Case 157/86 (Murphy v An Bord Telecom Eireann), the Court ruled on 4 February 1988 that 'Article 119 of the EEC Treaty must be interpreted as covering the case where a worker who relies on that provision to obtain equal pay within the meaning thereof is engaged in work of higher value than that of the person with whom a comparison is to be made.'

In the judgment of 8 March 1988, in Case 80/87 (Mrs Dik, Mrs Menkutos and Mrs Laar v College), the Court of Justice of the European Communities, requested by the Raad van Beroep of Arnhem to give a preliminary ruling, held as follows:

- '1. Council Directive 79/7 of 19 December 1978 on the progressive implementation of the principle of equal treatment for men and women in matters of social security must be interpreted as meaning that it does not confer on the Member States a discretionary power to include in the national law implementing the directive a transitional provision on the basis of which a married woman who became unemployed before 23 December 1984 remains subject even after that date to the requirement that she be "a wage-earner".
2. Article 8 of Directive 79/7 must be interpreted as meaning that a Member State which adopts implementing measures after the expiry of the period provided for by the directive may fix the date of their entry into force retroactively to the date of expiry of the period, provided that the rights which Article 4(1) of the directive gives to individuals in the Member States from the expiry of the said period are observed.'

- (1) OJ No. C 46, 22.2.1984
- (2) OJ No. C 190, 20.8.1987
- (3) OJ No. C 190, 20.7.1987
- (4) OJ No. C 305, 16.11.1987
- (5) Doc. A 2-32/87 - OJ No. C 305, 16.11.1987
- (6) Doc. A 2-133/87 - OJ No. C 305, 16.11.1987
- (7) Doc. A 2-127/87 - OJ No. C 305, 16.11.1987
- (8) Doc. A 2-133/87 - OJ No. C 305, 16.11.1987
- (9) OJ No. C 94, 11.4.1988
- (10) Doc. A 2-294/87 - OJ No. C 94, 11.4.1988
- (11) Doc. A 2-267/87 - OJ No. C 94, 11.4.1988

COMMITTEE OF INQUIRY ON THE HANDLING AND TRANSPORT
OF NUCLEAR MATERIAL (THE TRANSNUKLEAR SCANDAL)

At the end of 1987 the so-called Transnuklear(1) scandal broke out when it became known that irregularities had taken place during the transport and treatment of nuclear waste. Movements from Hanau, Hessen, in the Federal Republic of Germany, to the Centre of Nuclear Studies and Waste Treatment (CEN(SCK) in Mol, Belgium, of nuclear waste had led to illegal financial transactions including bribes. The question was why these bribes were paid and whether - as was speculated - their purpose was circumvention of national and international laws on the handling and transport of nuclear material.

In Belgium and the FRG the public prosecutors launched an investigation. The affair gained a wider international dimension when it became clear that many countries were involved because of the widespread net of contacts of Transnuklear in Europe and other parts of the world. The environmental and health aspects of the affair assumed greater importance when it was discovered that Transnuklear had transported 321 drums of treated nuclear waste of German origin from Mol to West Germany which contained traces of plutonium which should not have been present.

This last element pointed towards a possible infringement of the Non-Proliferation Treaty and was the subject of wide press coverage.

Worried by these suspicions and interested in several aspects of the case, the European Parliament set up, on 19 January 1988, an Inquiry Committee with the mandate to investigate whether Community law had been infringed, whether existing Community law in the field was sufficient and whether the Commission had adequately fulfilled its obligations of control. The mandate of the European Parliament's Inquiry Committee was not only limited as to its subject of investigation, but also in time; it originally had four months under Rule 109 of the Rules of Procedure to finish its work; this period was extended to five months in the course of the work.

The Parliament's Inquiry Committee was not the only one investigating the matter: Belgian and German inquiry committees were also set up. Cooperation took place with these national and regional inquiry committees which involved the exchange of documents and in the German case the handing over of evidence from witnesses and experts whom the European Parliament's Inquiry Committee could not invite to its own hearings.

In all, the Inquiry Committee met 10 times. Evidence was given by officials of the European Commission, and German and Belgian officials, as well as by officials from the IAEA (International Atomic Energy Agency) in Vienna. Managers, Directors and former Directors of Transnuklear and other well known firms in the nuclear waste field, as well as from the CEN/SCK in Mol were heard. The German Public Prosecutor from Hanau also appeared as an expert, which was an innovation in the history of the European Parliament. The German Minister of the Environment and the Belgian Minister of Energy appeared before the Committee as well, but several hurdles had to be overcome before the latter finally agreed to attend the European Parliament's Inquiry Committee. The Belgian Government was in fact rather hesitant to participate in the work of the committee.

On 31 May, the European Parliament's Inquiry Committee paid a visit to Mol where it was received by the CEN/SCK, received explanations on the treatment of waste (CEN/SCK and Belgoprocess), and looked at the site where waste drums were stored.

On 21 June 1988, the Inquiry Committee unanimously adopted its Conclusions in the report(2) which was debated at the July session. On Wednesday, 6 July 1988 a joint Motion for a Resolution(3) was adopted by a large majority of the House. It reflects most of the findings of the Inquiry Committee:

The European Parliament

1. Calls for nuclear waste to be conditioned as far as possible at its point of origin and movements reduced to a minimum;
2. Calls for a clear division of responsibilities in waste management between the operation of nuclear installations, transport and conditioning;
3. Calls on the Commission to exercise fully its existing rights and, in particular, to take the following urgent measures:

- (a) to draw up comprehensive Community rules on the transfrontier transport of nuclear waste, where such movements are unavoidable; and to make transfrontier movements subject to a system of strict controls and authorizations from their point of origin to their point of storage,
 - (b) to draw up a regulation on radiation protection for temporary and part-time workers in the nuclear sector in conjunction with the European Trade Union Confederation,
 - (c) to exercise fully its inspection rights with regard to the implementation by the Member States of basic radiation protection standards and their monitoring of radioactive discharges into the environment;
- 4. Repeats, in addition, its call for a revision of the EURATOM Treaty giving the Community clearer and more comprehensive powers in the sphere of nuclear safety, in particular the protection of health and the environment;
 - 5. Takes the view that an expansion in the production and processing of plutonium will give rise to serious problems with regard to safeguards;
 - 6. Stresses the important monitoring role played by EURATOM and its inspectors in preventing diversions of fissile material;
 - 7. Concurs, therefore, with the conclusions of the Committee of Inquiry that a series of measures are needed to increase the credibility and effectiveness of the safeguards, in particular:
 - (a) hiving off the Safeguards Directorate from Directorate-General XVII, which is responsible for the promotion of nuclear energy,
 - (b) an increase in the number of inspectors,
 - (c) more frequent unannounced inspections,
 - (d) improved protection against the manipulation of data by third parties,
 - (e) all radioactive waste falling within the category of 'retained waste' should be subject to comprehensive safeguards;

8. Concurs with the conclusion of the Committee of Inquiry that in future a secure legal basis must be provided for the 'flag swapping' of nuclear materials in order to prevent the circumvention of embargoes and the swapping of materials of dissimilar quality;
9. Calls on the Member States to work to strengthen the powers of the International Atomic Energy Authority (IAEA);
10. Calls on the Member States to work within the IAEA to ensure that future IAEA safeguard implementation reports name countries and installations which have failed to achieve safeguard objectives;
11. Supports the call made by the US Secretary of State, Mr George Schultz, for all countries to accede to the Nuclear Non-Proliferation Treaty;
12. Calls on the EURATOM Safeguards Directorate to submit a comprehensive annual report to Parliament which would be available to the public;
13. Calls, in addition, for a confidential safeguard implementation report making specific reference to countries and installations to be drawn up for the EURATOM Member States;
14. Supports the call made by the Committee of Inquiry for improved parliamentary supervision of EURATOM through the setting up of a special Parliament supervisory committee whose work would be confidential;
15. In order that Parliament's future committees of inquiry may work effectively, calls for the establishment of normal parliamentary rights - particularly vis-à-vis other Community institutions - such as the right to order officials to appear, to take evidence, to inspect official records and lay down means of coercion; instructs its Committee on the Rules of Procedure to draw up corresponding proposals and, in so doing, to take account of the experience gathered by the Committee of Inquiry.

(1) A transport firm for nuclear material based in Hanau, FRG

(2) Doc. A 2-120/88, part A, 24.2.1988

(3) PE 124.897; PE 124.898; PE 124.899; PE 124.900

BUDGETARY MATTERS

Though in recent years reports under this heading have regularly highlighted the Community's financial crisis, even predicting its bankruptcy, today it is possible, with a measure of cautious optimism, to regard the funding of Community policies as assured for the next few years at least. In February 1988 the European Council meeting in Brussels took some fundamental decisions which, by initiating a financial reform of the EEC, pave the way for new Community own resources.

The 1988 budgetary procedure was still overshadowed by the lack of appropriations, and for the first time the Council was not able to meet the deadlines laid down by the treaties for submitting the draft budget, which led the European Parliament to institute proceedings against the Council before the Court of Justice of the European Communities for failure to act. Only after the European Council decisions of February 1988 was it possible to start the budget procedure, with the presentation of the draft budget in March 1988. The procedure was speeded up to enable Parliament to adopt the budget at its second reading, on 18 May 1988, and the budget was declared finally adopted by the President on 1 June 1988.

1. The 1987 supplementary and amending budget

As noted last year, it was plain from the preliminary stages of the 1987 budget that there would be a major budget deficit during the course of the 1987 financial year, in particular because of the insufficient amount allocated to the European Agricultural Guidance and Guarantee Fund - Guarantee Section (EAGGF). In May the Commission submitted a preliminary draft supplementary and amending budget for 1987, but the Council only reached agreement in July on the corresponding draft supplementary and amending budget(1). The main features of this document were:

- funds to cover the 1986 deficit,
- cancellation of the unused VAT margin within the 1.4% ceiling (= approximately 627 m ECU),
- funds to cover a deficit of 1506 m ECU mentioned by the Commission in its preliminary draft supplementary budget, in particular by the following measures, in place of government subsidies (Commission proposal):

Savings from appropriations cancelled for technical reasons (300 m ECU), margin of uncertainty in the level of traditional revenue (315 m ECU), revision of miscellaneous revenue (36 m ECU), savings from the reassessment of certain compulsory expenditure relating to the EAGGF-Guidance Section, fisheries, food aid and Mediterranean protocols (198 m ECU), the suspension of appropriations provided for in the budget to cover the cost of collecting additional own resources in the second half of the year (400 m ECU) and deferment of appropriations provided for in the 1987 budget to refund the 1984 government subsidies (257 m ECU).

The deficit in the EAGGF-Guarantee Section, put at 4.3 billion ECU by the Commission, does not appear in the supplementary budget. On this point the Council stated that the Council of Ministers of Agriculture would swiftly decide upon a reform of the current system of financing, whereby the financing of Community subsidies would be replaced by refunds a posteriori, at least for part of 1987. After a Council decision to this effect, the reform would mean that the Member States would proceed to finance the 1987 Guarantee Section from October onwards, but the payments made would not be refunded by the EEC until 1988.

Parliament agreed by a large majority that this draft 1987 supplementary budget was unacceptable because the document submitted by the Council imperfectly reflected expenditure and revenue for 1987, and especially because it did not contain any decision on how to wipe out the foreseeable deficit of 4.3 bn ECU in the EAGGF - Guarantee Section. There was a third, procedural reason: the Council had not given the European Parliament enough time to consider the draft and was not prepared to accept a deferment of the first reading to September. However, the call for an outright rejection of the 1987 draft supplementary budget in its entirety did not command the qualified majority necessary. True, Parliament did adopt, on 8 July 1987, a resolution declaring that it 'refuses to associate itself with the procedure for the draft supplementary and amending budget No. 1 for the 1987 financial year and does not accept that it can have any binding consequences for the 1988 budget'(2).

However, since the day after the vote at the July part-session the Ministers of Agriculture finally reached agreement in principle on financing the agricultural deficit of 4.3 bn ECU, the President of the European Parliament signed supplementary and amending budget No. 1 for 1987 on 17 July 1987, and it was thus finally adopted(3).

2. The 1988 budget

In mid-June 1987 the Commission submitted to the Council and Parliament the preliminary draft budget for 1988. As far as revenue was concerned, it was based on its proposal for a Council decision on the system of own resources, providing for the financing of additional own resources by contributions from Member States in proportion to their GNP.

At its July, September and October meetings the Council was unable to agree on a draft budget for 1988. And for the first time the deadline laid down in Article 203 of the EEC Treaty for establishing the draft budget for the following financial year - 5 October - could not be observed. On 15 October 1987 the European Parliament adopted a resolution stating

- '- whereas the Council's present failure to act is the latest development in a political and financial crisis which has now been in progress for several years,
- '- whereas this crisis is preventing the achievement of Community objectives and policies, jeopardizing the normal operation of the Community, distorting the balance of interinstitutional power and clearly reflects the absence of a real political will on the part of the Member States to continue the process of European integration,
- '- whereas, in view of these circumstances, it is Parliament's duty to ensure that the Treaties are fully and properly applied and therefore its responsibility to condemn formally any infringement of these Treaties,
- '- Decides to bring proceedings against the Council for failure to act before the Court of Justice of the European Communities, should no action be taken in response to the notice given to the Council by Parliament's President on 7 October 1987, pursuant to Article 175'(4).

Since the difficulties in drawing up the 1988 budget could be ascribed to the Council's inability to resolve the problems of budget funding, everyone hoped that at the Copenhagen summit of 4-5 December 1987 the Heads of State or Government of the EEC Member States would decide on a reform of the Community's financing system that would permit a balanced budget in 1988. After the failure of the summit and of another meeting of the Council of Ministers, on 16 December 1987 the European Parliament adopted a resolution(5)

expressing its profound concern that 'the lack of a budget for 1988 will delay the implementation of all Community policies, make it more difficult to fulfil the commitments made towards the new Member States and constitute an additional threat to the achievement of the objectives of the Single Act by 1992'.

This resolution also invited the President, the resolution of 15 October 1987, to bring an action against the Council for failure to submit the 1988 draft budget, and called upon the Commission to submit before the end of the year a letter of amendment to its preliminary draft budget setting out the real financial requirements of the Community and disclosing the financial estimates until 1992. Thereupon, Parliament, represented by its President, brought an action against the Council of 18 December 1987 before the Court of Justice of the European Communities, asking it to condemn the Council for its failure to submit to Parliament a draft budget for 1988 by 5 October 1987, pursuant to Article 203 of the EEC Treaty, a draft which it should have drawn up under the Treaty provisions, in particular Article 199(6). The Commission also brought an action against the Council for its failure to submit a draft budget for 1988, meeting the necessary financial requirements for the year(7). The two actions are still in progress. The Court should give its ruling in July 1988.

The European Council, meeting in Brussels on 11-13 February 1988, agreed on a reform of the Community's financing system. After an initial unsuccessful attempt in late February, the Council drew up the draft budget for the current financial year on 7 March 1988 and forwarded it to Parliament(8). This document made provision for payments of 43 384.8 m ECU and commitments of 44 670.7 m ECU.

At the draft's first reading Parliament adopted the strategy of its Committee on Budgets, adhering closely, in the chapter on agricultural spending, to the 'agricultural guideline' for 1988, with an appropriation of 27 500 m ECU for the EAGGF-Guarantee Section, and reinstating, with regard to non-compulsory expenditure, the figures of the Commission's preliminary draft with a few increases for transport policy and development aid. At the vote on 14 April 1988, Parliament did not make full use of its scope for increasing non-compulsory expenditure. In the resolution adopted at the time(9), Parliament reaffirmed its strategy, particularly insisting on the need for parallel progress in the budgetary procedure and the conclusion of an interinstitutional agreement on the financial forecasts for 1988-92 and action to ensure its implementation. At the same time talks were in progress between the institutions concerned (Parliament, Council and Commission) on the substance of this agreement.

At the second reading the Council did, in fact, adopt Parliament's amendments on transport policy and development aid but made heavy cuts in other areas. At its second reading Parliament made full use of its scope to introduce increases, reinstating all the amendments rejected by the Council, for both payments and commitments. With regard to commitments, Parliament even exceeded its scope for increases by 212.9 m ECU according to the classification of non-compulsory expenditure advocated by the Council.

The clash which exceeding the ceiling in this way might have precipitated was averted when the President-in-Office of the Council declared his willingness, on behalf of the Council and in agreement with Parliament, pursuant to Article 203(9) of the Treaty, to set a new ceiling at a level in keeping with Parliament's amendments. On the expenditure side, there was no longer anything in the way of the adoption of the 1988 budget. There was still, however, a problem on the revenue side: in Parliament's opinion expenditure was not fully covered by corresponding revenue. Since the new decision on the Community's own resources had not yet been adopted and ratified, the draft 1988 budget made provision for advances by Member States equivalent to their future contributions and guaranteed by a governmental agreement, in order to meet the new own resources derived from GNP-based contributions from the Member States. Though the Council agreed on the overall sum involved in this governmental agreement (approximately 7.8 bn ECU), differences of opinion persisted none the less, particularly between Italy and the other Member States, on how this sum should be shared out, particularly in view of the refund of the British contribution.

On 18 May 1988 Parliament adopted the 1988 budget after its second reading but in its resolution(10) stressed the imbalance of revenue and expenditure and instructed its President to ensure that the expenditure included in the budget was matched by revenue of an equivalent amount, pursuant to Article 199 of the EEC Treaty, before declaring the budget finally adopted. Subsequently, tangible progress was made as a result of the interinstitutional agreement on budgetary discipline and improvement of the budgetary procedure, and the Council is to find a compromise with regard to the governmental agreement on national subsidies in the 1988 budget. This being so, the President finally adopted the budget for the financial year 1988 by putting his signature to it on 1 June 1988. This budget provides for commitments of 45 303 m ECU and payments of 43 779 m ECU.

3. Own resources: future financing and budgetary discipline

Recent financial years have been overshadowed by the exhaustion of own resources and since 1983 the budget has been balanced only by resorting to various expedients. As explained for the preceding reference period, in February 1987 the Commission presented a complete set of measures on financial reform and the future financing of the EEC. Parliament, which had already stressed the inadequacy of own resources in numerous resolutions and called for measures to safeguard the future financing of the EEC, marked the importance of these Commission proposals by setting up an ad hoc committee. Its work resulted in Parliament's resolution of 13 May 1987(11) giving a generally favourable reception to the Commission proposals, which were seen as a positive step towards laying an appropriate and lasting foundation for the financing of Community policies. On this basis Parliament's specialist committees went on to consider the different sections of this reform package: the Commission communications on reform of the structural funds(12), budgetary discipline(13), action taken to control the agricultural markets and the outlook for the common agricultural policy(14), the proposals for a new decision on the Community's own resources(15) and a proposal for a regulation amending the Financial Regulation(16). This work culminated on 18 November 1987(17) in an important parliamentary resolution. In this text Parliament

- 'reaffirms ... its view that the completion of the large internal market, the achievement of economic and social cohesion, the reform of the agricultural policy and the revision of the system of financing should not be separated and must be achieved concurrently in order not to jeopardize the success of the Single Act'.
- It calls for 'an interinstitutional agreement which recognizes the financial autonomy and budgetary capacity of the Community as a whole and which establishes a binding accord between the twin arms of the budgetary authority',
- Expressed 'its willingness to take the financial perspective 1988-1992 contained in the Commission report on the financing of the Community budget (COM(87) 101 final) as a broad working basis for the establishment of such a framework'.

For the most part, Parliament supports the Commission proposals on own resources but rejects the proposal to introduce for a five-year period fixed annual ceilings for the Community's own resources(18). With regard to

budgetary discipline, the resolution proposes a draft joint declaration by the Council, Parliament and the Commission on budgetary discipline and on improving the budgetary procedure, specifying the obligations of the institutions in question in relation to the five-year financial perspective (which was annexed to the declaration) and the procedure for updating it. Finally, directives are to be adopted in order to limit EAGGF Guarantee expenditure.

After the failure of the Copenhagen European Council in December 1987, which took no decision on the reform of the Community's financing system, Parliament reaffirmed, in two resolutions (16 December 1987 and 21 January 1988(19)), the importance of the institutional agreement and the fixing of the multiannual financial perspectives. The special summit of the Heads of State or Government of the EEC Member States on 11-13 February 1988 finally came to a decision on financial reform of the EEC. This decision makes provision for a new financing system giving the EEC 1.2% of the Community's total GNP for appropriations and a share of 1.3% for commitment appropriations. Traditional own resources (customs duties, agricultural levies, etc.) are to remain unchanged, as is the reimbursement to the Member States of 10% of the money raised to cover the costs of collection. The third source of own resources - 1.4% of the value added tax yield - is complemented by a contribution to the Community equivalent to the difference between the share of VAT and the share of disposable GNP. To shield the economically weaker countries (where a large part of the VAT yield is accounted for by consumption) from undue pressure when making these payments, the assessment base for value added tax should not exceed 55% of the gross national product.

Agricultural expenditure is set at 27.5 bn ECU (reference amount for 1988) and the annual increase in such expenditure until 1992 must not exceed 80% of the growth in GNP. Of this sum, 200 m ECU will be allocated each year to finance the cessation of farming, so that the maximum effective rate of increase is only 74%. To control surpluses, maximum guaranteed quantities have been set for major crops such as cereals and oleaginous plants, and exceeding these quantities will entail penalties. Further, a programme to encourage the cessation of farming has been introduced. Finally, it was decided to double the structural funds between 1987 and 1993 to help the economies of less-favoured regions. In its resolution of 10 March 1988(20), the European Parliament expressed its satisfaction at these results, which pave the way for progress in building Europe.

These decisions by the European Council then had to be implemented by the Council. On a proposal by the Commission, and after consulting the European Parliament(21), on 24 June 1988 the Council adopted the new decision on the Community's own resources(22), which the Member States must now ratify. Following intensive negotiations under the three-way procedure between Parliament, the Council and the Commission, these three institutions agreed on the text of an interinstitutional agreement on budgetary discipline and improvement of the budgetary procedure, which was adopted by the Council on 14 June and by Parliament on 16 June 1988(23).

4. The budget for the 1989 financial year

Of course, the delays in the 1988 budgetary procedure have also slowed down the business of drawing up a budget for 1989. With financing problems temporarily in abeyance, Parliament should deliver an opinion on the 1989 budget, which it will no doubt do at the July part-session. On 1 June 1988 the Commission adopted the preliminary draft budget for 1989, providing for payments of 46 462 m ECU and commitments of 47 998 m ECU, i.e. increases of 6.1% and 5.9% respectively compared with the budget for 1988(24).

- (1) Draft supplementary and amending budget for 1987, Doc. C 2-84/87
- (2) OJ No. C 246, 14.9.1987
- (3) OJ No. L 211, 3.8.1987
- (4) OJ No. C 305, 16.11.1987
- (5) OJ No. C 13, 18.1.1988
- (6) Case 377/87, OJ No. C 20, 26.1.1988
- (7) Case 383/87, OJ No. C 37, 9.2.1988
- (8) Doc. C 2-5/88
- (9) OJ No. C 122, 9.5.1988
- (10) OJ No. C 167, 27.6.1988
- (11) OJ No. C 156, 15.6.1987
- (12) Doc. C 2-149/87, COM(87) 376 final
- (13) COM(87) 430
- (14) COM(87) 410 final
- (15) Doc. C 2-144/87, COM(87) 420 final
- (16) Doc. C 2-151/87, COM(87) 400 final
- (17) OJ No. C 345, 21.12.1987
- (18) COM(87) 101 final
- (19) OJ No. C 13, 18.1.1988; OJ No. C 49, 22.2.1988
- (20) OJ No. C 94, 11.4.1988
- (21) Resolution of 15 June 1988, OJ No. C 187, 18.7.1988
- (22) OJ No. L 185, 15.7.1988
- (23) Resolution of 15 June 1988, OJ No. C 187, 18.7.1988
- (24) COM(88) 290

CONTROL OF THE COMMUNITY BUDGET

1. The European Parliament has continued to pay close attention to the control of the Community budget, through the formal discharge procedure and through consideration of topics of budgetary control significance which arise during the course of each Session. The work of the Parliament's Committee on Budgetary Control forms the basis for its examination of these matters and the exercise of its powers in this area(1).

2. The Parliament's objective has been to ensure a continuing improvement in the management and control of the Community's funds especially during the recent period of growing expenditure requirements and resource constraints. For the future it is clear that the restructuring and projected increase in the budget, the introduction of a fourth own resource linked to GNP and new arrangements for ensuring budgetary discipline as agreed in outline at the European Council Brussels Summit of 12 and 13 February 1988, and adopted with amendments by the Parliament on 15 June 1988(2), will increase the need for Parliamentary vigilance in the area of Budgetary Control.

The background to the Discharge Decision for 1985

3. The Parliament is aware of the need to follow-up its Discharge decisions, especially where the decision sets down binding recommendations for the Commission's implementation. The 1984 Discharge decision for the general budget of the Community(3) emphasized the exhaustion of own resources and the imbalance between commitment and payment appropriations. In its report on the action taken by the Commission in response to the comments made in the 1984 discharge(4) Parliament noted that the Commission had introduced improvements and strengthened cooperation between the two institutions, especially in the areas of research, food-aid management and medium-term multiannual financial forecasts. This report, adopted by the Parliament on 29 October 1987, also made recommendations on the disposal of agricultural stocks and reform of the structural funds.

4. On 7 April 1987 the Parliament adopted an interim report postponing the decision on the 1985 Discharge(5) pending the Commission's response to a series of requirements which included a survey of assets and liabilities, a programme to balance the markets in agricultural products and adjustments in the value of agricultural stocks. The Commission responded with proposals for improved budgetary discipline and the use of stabilizers to control expenditure in agriculture(6). In view of the favourable response from the Commission, the Committee on Budgetary Control was able to recommend to the Parliament that Discharge be granted for the implementation of the budget of the Community for 1985. Parliament granted the Commission a discharge for the implementation of the 1985 Budget on 19 January 1988(7).

Consideration of the 1986 Discharge Decision for the general budget of the Communities

5. On 13 April 1988 the Parliament granted the Commission a discharge for the implementation of the general budget of the European Communities for 1986(8). The Discharge Resolution noted the increase in accumulated legally binding liabilities due to the inadequate decision-taking machinery available to the Community. The Resolution also noted that the Community's financial autonomy was compromised by a budget which was not in balance but also made reference to the opportunity for a 'fresh start' given by the decisions reached at the European Council meeting of 12-13 February 1988.

6. The Resolution recommended that the Commission consolidate its proposals on the establishment, paying over and verification of own resources in order to render the system more coherent. It called upon the Commission to take the necessary legal action to enforce Community law in the own resources area.

7. The Resolution went on to condemn the violation of budgetary principles in the financial year 1986, such as concealing the budgetary deficit, and called upon the Commission to rationalize budgetary planning.

8. The Commission was also to attack the problem of agricultural surpluses through marketing drives and writing down the book value of stocks as early as possible. The Parliament noted with concern the fall in appropriations available in the EAGGF Guidance Section.

9. The 1986 Discharge Resolution dealt with the question of how best to combat fraud and irregularities. The Parliament noted the Commission's failure to carry out a sufficient number of inspections and also that the Council had failed to give the Commission powers to carry out the necessary on-the-spot checks and obtain accurate information on Member States' practices. Certain Member States, in waiving VAT owed, had breached Community law and deprived the Community of resources. The Commission was instructed to call on Member States to apply Regulation (EEC) No. 2891/77 properly and retroactively to claim the own resources owed.

10. The Parliament went on to note the poor quality of information on fraud supplied by the Member States to the Commission, called on the Commission to act as co-plaintiff in proceedings brought by the Member States in respect of fraud and irregularities where criminal law permitted, and insisted that the Commission give priority to combating frauds and irregularities.

11. Finally Parliament called on the Commission to add to the revenue and expenditure account data on own resources established but not made available; the recovery of advances on cancelled Social Fund commitments and amounts to be recovered in the EAGGF Guarantee Section in connection with fraud.

Other Discharge decisions

12. Parliament granted a discharge:

- to the Commission in respect of the accounts and operational budget of the European Coal and Steel Community for 1986(9)
- to the Commission in respect of the financial management of the third, fourth, fifth and sixth European Development Funds during 1986(10)
- to the Management Board for the European Centre for the Development of Vocational Training for 1986
- to the Administrative Board of the European Foundation for the Improvement of Living and Working Conditions for 1986(11)
- to its Secretary-General in respect of the budgets for the financial years 1983, 1984 and 1985(12).

13. Parliament had earlier granted discharge to the Commission in respect of the ECSC accounts for 1985(13).

Ad Hoc topics examined

14. The Committee on Budgetary Control had the opportunity during the year to consider a number of major topics and to prepare reports on these for Parliament's consideration.

Budgetary Control of the efficiency of the Structural Funds

15. The Single European Act refers to structural fund reform as a means of strengthening Community cohesion. In its Resolution on the Budgetary Control of the efficiency of the Structural Funds adopted on 29 October 1987(14) the Parliament noted that funds had been used as financial redistribution channels and had little effect on reducing regional disparities. In Parliament's view this was due to the many and disparate aims pursued by the various instruments. The Parliament called on the Commission and the Council to identify more clearly the aims of and sectors for assistance; to develop the management of the funds on the basis of programmes; to rationalize the decision-making procedure and to ensure that structural fund aid is truly additional.

The future financing of the European Communities - aspects concerning budgetary control

16. Following the signing of the Single European Act, the Commission presented a number of inter-related proposals in July and August 1987(15) on the future financing of the European Communities. Parliament adopted a Resolution on the budgetary control aspects of these proposals on 19 January 1988, following a report by the Committee on Budgetary Control(16). The Resolution called for more precise selection criteria for structural fund projects and better monitoring of these projects; the decisions on whether to carry forward or recommit appropriations to be decided by the budgetary authority on the basis of a Commission proposal; emphasized the need to improve the information available to and control effected by the Parliament as the Commission's management powers increased; noted that the Commission proposed to ensure the Community's financial autonomy to 1992 in part by reducing the fiscal nature of own resources; and recalled the need for a speedy disposal of stocks as a prerequisite for the rational management of agricultural markets.

The Quality of Food Aid

17. The Parliament, and in particular its Committees on Budgetary Control and Development and Cooperation, has always been aware of the fundamental importance of ensuring that the quality of products delivered as food aid is beyond reproach. In the Resolution on the quality of food aid, prepared by the Committee on Budgetary Control and adopted by the Parliament on 10 March 1988(17) reference is made to the Court of Auditors' report No. 1787(18) on this topic and the changes introduced following this report to make the control of food aid more effective and the better to guarantee the quality of the aid. The Resolution stated that the Parliament would continue to monitor with interest the operation of the quality control system adopted by the Commission. The Resolution asked the Commission to encourage participation by recipient countries in the procedures for supervision and to improve the planning of deliveries.

Monitoring of the utilization of appropriations allocated for the Community's research activities

18. On 10 March 1988 the Parliament adopted a Resolution prepared by the Committee on Budgetary Control on this subject(19). Although Parliament noted the Commission's intention to reform its research activity it insisted that a specific plan be drawn up for restructuring the Joint Research Centre. This should be based on the rationalization of staff management; the improvement of the budgetary framework; greater responsibility for the research institutes and clearer identification of the users of the research findings. The Resolution also called for a series of independent evaluation reports on research programmes to be carried out and forwarded to Parliament.

Other Motions for a Resolution concerning budgetary control matters adopted by the Parliament

19. Parliament also adopted Resolutions:

- on measures for the expansion of markets for milk and milk products financed by proceeds of the co-responsibility levy(20)
- on the appointment of six Members of the European Court of Auditors(21)
- on a proposed regulation for general rules for controls in the wine sector(22)

European Court of Auditors

20. In addition to its annual reports on the Community accounts, the European Court of Auditors published a number of special reports, some of which dealt with topics which were the subject of a Motion for a Resolution adopted by the Parliament.

- Special report 2/87 on the quota system and supplementary levy in the dairy sector(23)
- Special report 3/87 on the common organization of the market in raw tobacco(24)
- Special report 4/87 on Community measures for the distillation of wine(25)
- Special report 5/87 on Community aid to facilitate agricultural development in Greece(26)
- Special report 6/87 on food aid supplied to India between 1978 and 1985 (Flood II operation)(27)
- Special report 7/87 on the management of counterpart funds in respect of food aid(28)
- Special report 1/88 on national and Community systems and procedures relating to the management of the European Social Fund(29).

- (1) Article 206(b) EEC - Article 78(g) CECA - Article 180(b) CEEA
- (2) Doc. A 2-116/88; Doc. A 2-109/88
- (3) Doc. A 2-15/86 - OJ No. L 150, 4.6.1986
- (4) Doc. A 2-158/87 - OJ No. C 318, 30.11.1987
- (5) Doc. A 2-27/87 - OJ No. C 125, 11.5.1987
- (6) COM(88) 257 final - Doc. C 2-53/88
- (7) Doc. A 2-259/87 - OJ No. C 49, 19.1.1988
- (8) Doc. A 2-19/88 - OJ No. C 122, 9.5.1988
- (9) Doc. A 2-8/88 - OJ No. C 122, 9.5.1988
- (10) Doc. A 2-6/88 - OJ No. C 122, 9.5.1988
- (11) Doc. A 2-7/88 - OJ No. C 122, 9.5.1988
- (12) Doc. A 2-41/88
- (13) Doc. A 2-103/87 - OJ No. C 318, 30.11.1987
- (14) Doc. A 2-159/87 - OJ No. C 318, 30.11.1987
- (15) Doc. C 2-149/87, Doc. C 2-151/87, Doc. C 2-147/87, COM(87) 430 final/2, COM(87) 410 final
- (16) Doc. A 2-250/87 - OJ No. C 49, 22.2.1988
- (17) Doc. A 2-303/87 - OJ No. C 94, 11.4.1988
- (18) OJ No. C 219/87
- (19) Doc. A 2-301/87 - OJ No. C 94, 11.4.1988
- (20) Doc. A 2-157/87 - OJ No. C 318, 30.11.1987
- (21) Doc. A 2-147/87 - OJ No. C 305, 16.11.1987
- (22) Doc. A 2-304/87 - OJ No. C 94, 11.4.1988; COM(87) 694
- (23) OJ No. C 266, 5.10.1987
- (24) OJ No. C 297, 6.11.1987
- (25) OJ No. C 297, 6.11.1987
- (26) OJ No. C 325, 5.12.1987
- (27) OJ No. C 31, 4.2.1988
- (28) OJ No. C 31, 4.2.1988
- (29) OJ No. C 126, 16.4.1988

ECONOMIC SITUATION OF THE COMMUNITY (EUR 12)*A. FIGURES AND FORECASTS1. Economic growth

| | <u>Growth in the volume of GDP</u> |
|-----------------|--|
| 1982 | 0.6% |
| 1983 | 1.5% |
| 1984 | 2.4% |
| 1985 | 2.5% |
| 1986 | 2.6% |
| 1987 | 2.7% |
| 1988 (forecast) | 2.75% |
| 1989 (forecast) | 2.25% |

2. Employment

The number of unemployed as percentage of the civilian labour force (EC-12) averaged 11.7% for 1987 against 11.9% for 1986. Slight reductions are forecast for 1988 (11.25%) and 1989 (11%).

3. Balance of current accounts (as % of GDP)

The balance of paymetns has developed as follows:

| | |
|-------|---------------------------|
| 1982: | - 1.1% of GDP |
| 1983: | - 0.2% of GDP |
| 1984: | + 0.1% of GDP |
| 1985: | + 0.7% of GDP |
| 1986: | + 1.3% of GDP |
| 1987: | + 1.0% of GDP |
| 1988: | + 0.5% of GDP (forecast) |
| 1989: | + 0.25% of GDP (forecast) |

4. Price and labour cost changes

| | <u>Consumer prices</u> | <u>Real unit labour cost total economy (1979 = 100)</u> |
|------|------------------------|---|
| 1982 | + 10.4% | |
| 1983 | + 8.5% | |
| 1984 | + 7.0% | |
| 1985 | + 5.9% | 96.9 |
| 1986 | + 3.6% | 95.6 |
| 1987 | + 3.3% | 95.6 |
| 1988 | + 3.25% (forecast) | 95.1 (forecast) |
| 1989 | + 3.25% (forecast) | 94.7 (forecast) |

* COM(88) 346 'Releasing and Exploiting the Community's growth potential'. Commission Communication in accordance with Article 3 of the Council Decision of 18 February 1974 on convergence.

B. ECONOMIC DEVELOPMENTS

The period July 1987 to June 1988 has been one of (modest) economic growth. The deceleration of economic activity which was expected after the stock market crash of 19 October 1987 has not or has hardly occurred. The world economy at that moment was more dynamic than expected and the Community's GDP/GNP (at constant prices) grew by 2.7% in 1987. In the July 1988 Commission Communication on the short-term economic outlook and budgetary policies for 1989, the economic outlook for the Community for 1988 and 1989 is for steady but uneven growth in demand and output(1). On average the real GDP of the Community is expected to grow by 2.75% in 1988 and by 2.25% in 1989. The principal growth poles are situated in Spain, Portugal, the UK and Italy, although for some of these countries this implies that the current accounts of their balance of payments have been affected negatively. Increasing intra-EEC external imbalances between those Member States with surpluses and those with deficits give cause for growing concern.

On the positive side, the Community Member States have achieved a certain degree of convergence in inflation rates. Unemployment, however, remains high and is the Community's main social and economic problem. Over 16 million people are unemployed in the Community, which is 11.7% of the civilian labour force (1987). Job creation will continue in 1988 and 1989, but at a rate just in line with the labour force increase.

The main elements of the Community's economic growth strategy are the following:

- The stimulation of indigenous EC growth instead of external growth, given the instability of world economic growth and the possible repercussions of the US trade balance turning positive. The creation of a single Community market would greatly facilitate the necessary shift in resources from declining net exports to the USA (due to the instability of the dollar and protectionist trade legislation in the USA) into employment-creating investment.
- The completion of the internal market programme, reinforcing economic and social cohesion and making better use of the Community's human resources. The effects of the internal market programme have been the subject of the extensive study by the Commission on the costs of non-Europe (the 'Cecchini' study)(2). On 17 June 1988, the European Parliament adopted four resolutions dealing with the institutional consequences of the costs of non-Europe and the Third Report on the implementation of the Commission's White Paper on completing the internal market(3).

- The reinforcement of the growth potential of the less prosperous areas of the Community, which are engaged in a catching-up process. This process fuels economic growth in the entire Community. One of the consequences of the European Council's agreement on the 'Delors package' on its February Brussels Summit, is the increased transfer of resources via the structural funds to stimulate the cohesion of the Community.
- The need for a coordination of macro-economic policies of the Member States, stimulating both demand-related growth factors and the restructuring of supply conditions, particularly in the labour markets. A realistic and sustainable path to faster economic growth is through the simultaneous expansion in all those EC countries which have scope for faster economic growth.

In its Resolution of 20 November 1987 on the 1987-88 annual report on the economic situation in the Community, the European Parliament reaffirmed the need for a more determined approach to promote the cooperative growth strategy, as defined by the Commission(4).

To succeed, the European cooperative growth strategy will not be achieved by economic measures alone but by the parallel introduction of a series of priorities. These can be listed as being:

- a strong European monetary system; the widest possible use of the ECU in both finance and trade; an autonomous European Central Bank;
- a closer cooperation among Member States in the field of budgetary policy;
- the creation of the large internal market which has seen already delays in the timetable implementing the White Paper;
- a Community policy in technology;
- a favourable environment for European businesses;
- the establishment of a European social area and a corrective Community regional policy strengthening economic cohesion.

The Council adopted a Decision concerning the annual economic report 1987-88 on 22 December 1987(5).

On 19 May 1988, the European Parliament gave its reaction to the Commission Communication of 18 February 1988 entitled 'The Economic Situation and Outlook for 1988 - "Overcoming the uncertainties"'.⁽⁶⁾

The European Parliament was in favour of a strengthening of the cooperative growth strategy which should be continued with greater determination. It urged the Commission not to confine itself to repeating, year after year, recommendations but to consider as a matter of urgency the review of the procedure for economic cooperation, devised in 1974. It called again upon the Commission to submit a proposal for the revision of the Council Decision (74/120/EEC) of 18 February 1974 on the attainment of a high degree of convergence of the economic policies of the Member States. Parliament believed that such a revision was necessary in order to take account of new circumstances in the Community such as the Single European Act, which has increased the number of decisions taken by qualified majority and the references in the Act to the EMS and the need for greater economic and social cohesion. The European Parliament also asked the Commission to give wide publicity to the findings of its study of 'the cost of non-Europe' (200 billion ECU annually, 5% lower GDP, 5 million fewer jobs).

C. EUROPEAN MONETARY SYSTEM, CAPITAL FLOW LIBERALIZATION

The Committee on Economic and Monetary Affairs and Industrial Policy has taken the initiative regularly to invite the governors of the Community's Central Banks to its meetings in order to discuss:

- how to strengthen the European Monetary System (EMS);
- how to institutionalize monetary cooperation in the Community and what options are open for a European Central Bank.

The Committee is also kept directly informed about the latest developments by the President of the European Commission, Mr Delors, who is in charge of monetary affairs. On 27 and 28 June the European Council in Hanover confirmed the objective of progressive realization of Economic and Monetary Union and entrusted a Committee, chaired by Mr Delors, to study and propose concrete stages leading to this union. This Committee, consisting of Central Bank Governors, one other Commission Member and three experts, will report to the European Council in Madrid in June 1989.

In the period July 1987-June 1988, the European Parliament adopted two Resolutions directly relating to the EMS and ECU.

In its Resolution of 17 September 1987, the European Parliament welcomed the agreements reached in Basle among the Central Banks and in Nyborg among the Finance Ministers on 12 September 1987. These agreements have introduced a more coordinated use of intervention by the Central Banks within the margins and have increased the stabilization power of the ECU in such intervention(7).

In its Resolution of 20 November 1987 on the wider use of the ECU and the simplification of payment transactions within the Community, the European Parliament stressed the importance of an intra-Community agreement between all banking institutions which should be concluded so that the ECU is convertible into the user's currency on favourable terms compared with those applying to other currencies(8). In the same Resolution the European Parliament also approved the Commission's plan of action to encourage the maximum inter-operability of electronic payments and the development of the most up-to-date payment techniques (microcircuit cards, telecommunications networks)(9).

On 13 June 1988, the Council adopted in principle:

- a directive on the liberalization of capital movements (implementing Article 67 of the EEC Treaty);
- a regulation on a single facility to provide medium-term support for Member States' balances of payments(10).

This Community legislation on capital liberalization is one of the milestones on the way to the completion of the internal market; it is not only a precondition to liberalization of financial services in the Community, but also to accelerate new policies in tax and currency areas. The timetable requires all Member States to lift capital curbs by July 1990, except for Spain, Ireland, Greece and Portugal who benefit from a derogation until 1992 (for Greece and Portugal this derogation might even be extended for three additional years). Two safety nets are the permission for any country to re-impose controls in a currency crisis (with the Commission's approval) and a newly consolidated Community loan mechanism of 16 billion ECU for countries in balance of payments difficulties.

In its Resolution of 17 June 1988, the European Parliament approved the proposals of the Commission concerning capital liberalization(11). The European Parliament, however, recalled the dangers inherent in this liberalization and demanded that all relevant national legislations in banking matters (savers' protection) and fiscal matters (against international tax evasion) be approximated in the Community. It stressed that the effective management of the European financial area was inconceivable without a reaffirmation of the objectives of the EMS and that there was a close link between Community policies in the financial area and those relating to monetary coordination and the role of the ECU. Concerning the measures for medium-term support for Member States which experience difficulties with their balance of payments, the Parliament approved these measures but requested that those Member countries which did not participate in the EMS mechanism should submit to some kind of exchange discipline in order to become eligible for grants under the programme. In the discussion, several comments were made on the Council's 'agreement in principle' on capital liberalization: it was argued that the constraints on the Council's calendar ought not to prevent a proper consultation with the European Parliament. This was not the first occasion on which the Council had reached an agreement in principle before the European Parliament could pronounce on a Commission proposal. In 1986 the Council reached common orientations on 11 proposals on which the opinion of the European Parliament was not yet available. In 1987, the Council took such decisions on 8 proposals(12).

- (1) COM(88) 346, 'Releasing and exploiting the Community's growth potential, short-term economic outlook and budgetary policies for 1989', Commission Communication in accordance with Article 3 of the Council Decision of 18 February 1984 on convergence.
- (2) The Economics of 1992, European Economy, No. 35, March 1988
- (3) Resolutions of 17.6.1988; Doc. A 2-39/88 on the institutional consequences of the costs of non-Europe; Docs. B 2-441/88, B 2-442/88, B 2-461/88 concerning the Third Report on the implementation of the Commission's White Paper, COM(88) 134 final.
- (4) Resolution of 20.11.1987, OJ No. C 345, 21.12.1987; Fourçans Report on behalf of the Committee on Economic and Monetary Affairs and Industrial Policy, Doc. A 2-182/87; Proposal from the Commission to the Council for a Council Decision adopting the annual report on the economic situation in the Community and laying down economic policy guidelines for 1988, COM(87) 500 final.
- (5) OJ No. L 394, 31.12.1987
- (6) Resolution of 19.5.1988 on the economic situation and outlook for 1988; Fourçans report, Doc. A 2-62/88; Commission Communication COM(88) 54 final.
- (7) Resolution of 17 September 1987 on the strengthening of the EMS following the meeting of Finance Ministers in Nyborg, OJ No. C 281, 19.10.1987; Joint Resolution replacing Docs. B 2-906/87 and B 2-911/87.
- (8) Resolution of 20.11.1987, OJ No. C 345, 21.12.1987; Delorozoy report on behalf of the Committee on Economic and Monetary Affairs and Industrial Policy, Doc. A 2-167/87.
- (9) COM(86) 754 final, 'Europe could play an ace: the new payments cards'.
- (10) COM(87) 550 final
- (11) Resolution of 17.6.1988 on capital movements and balances of payments; Besse report, Doc. A 2-70/88; three legislative Resolutions.
- (12) EP Bulletin 13.6.1988, Question No. 79/87 to the President on the legislative powers of the European Parliament.

INTERNAL MARKET

The main developments during the period July 1987 - June 1988 were the entry into force on 1 July 1987 of the Single European Act(1) and some significant progress on individual proposals in the White Paper.

As the Hanover European Council (June 1988) was able to observe, this progress was made possible by making full use of the voting procedures provided for in the Single Act.

The Single European Act and the establishment of the internal market

The implications of the Single Act for the White Paper programme are extremely important. The Single Act is the first substantial amendment of the Treaty of Rome, adopted primarily to allow completion of the internal market. To achieve this objective, it significantly improves the Community's institutional system by extending the qualified majority vote to around two thirds of the proposals listed in the White Paper programme and by allowing Parliament, through the cooperation procedure, to play a more important and active role in the decision-making process, in particular with regard to proposals on the internal market(2).

The cooperation procedure between the Council and the European Parliament was applied for the first time during the second half of 1987. At first, the two readings provided for under this procedure threatened to slow down the decision-making process, but this risk is in fact more than compensated for by the advantages of the qualified majority vote in the Council. The cooperation procedure now works well. This is attributable not least to the European Parliament's desire to ensure the smooth functioning of the new decision-making procedures(3). In the same spirit, in its resolution of 15 October 1987, the European Parliament decided to give priority to proposals relating to completion of the internal market under the new procedures(4).

In expressing its views on the application of the Single Act, the European Parliament asked to be fully involved in the measures taken at each stage in the completion of the internal market(5). Parliament is determined to defend its rights in this respect. In its resolution of 21 January 1988 on proposals pending before the Council which are affected by the Single Act, the European Parliament called on the Council to respect the spirit as well as the letter

of the Single Act by taking account of the views expressed by Parliament at its first reading. It affirmed its intention to demand renewed consultation of Parliament where the text on which it delivered its original opinion has been completely or substantially altered(6). Several times during the period under review Parliament has been concerned at the Council's less than faithful interpretation of the spirit of the Single Act in applying the cooperation procedure with Parliament. The interinstitutional agreement between the Council, the Commission and Parliament should in theory lead to better coordination between the work of Parliament and that of the Council. In this connection, the Hanover European Council of June 1988 recognized the need to involve the European Parliament more closely in Council decisions at the final stage of completion of the internal market(7).

Progress in implementing the programme for completion of the internal market

Under the Single Act (Article 8b), the Commission must report to the Council before the end of 1988 on the progress made towards achieving the internal market by the target date of 31 December 1992. At Parliament's request, the Commission has undertaken to submit a detailed annual report on the implementation of the White Paper(8). In March 1988, the Commission adopted its third interim report(9). As in the previous reports, the Commission was again obliged to note that the White Paper programme was behind schedule(10). The delays occur mainly at Council level. However, it should be pointed out that the German Presidency managed to conclude the first half of 1988 with some noteworthy achievements. Nevertheless, the European Parliament has several times expressed its concern at the backlog of proposals still to be adopted by the Council in relation to completion of the internal market(11). In three resolutions adopted on 17 June 1988 on the third report on the completion of the internal market(12), the European Parliament, while restating its commitment to the successful achievement of the 1992 objective, drew attention to the major issues which have caused it concern throughout its work over the period under review. In particular, it reminded the Council that, firstly, account must be taken of the 'cost of the periphery' when directives are being drawn up, so that the peripheral regions may become properly integrated in the single market and benefit from the Community's economic development and, secondly, measures must be introduced to safeguard the social dimension of the internal market. Parliament calls on the Commission to analyse objectively the situation in its mid-term report on completing the internal market provided for in the Single European Act, and to present the proposals needed to ensure that the deadline of 1992 is irreversible.

Implementation of the White Paper and other initiatives

Despite the delays already noted, significant progress has been made in several important areas with concrete results. These concern the liberalization of capital movements, the mutual recognition of diplomas, the opening up of public contracts, insurance, road and air transport, as well as the sectors involving the new approach to technical harmonization, exhaust gases from vehicles and pharmaceutical products.

To assist in the realization of the internal market, the European Parliament has continued to examine Commission proposals made within the framework of the White Paper.

In 1986, the Commission sent the Council two proposals aimed at substantially improving the transparency of public supplies and works contracts in order to create the conditions for a genuine opening-up of public procurement to Community competition(13).

Since its resolution of 13 June 1985(14), Parliament has stressed the economic importance of Community-wide access to public supply contracts and has invited the Commission to include in its proposal the sectors hitherto excluded(15) from the scope of the existing directive(16). In the resolution on the proposal for a directive amending Directive 77/62/EEC and deleting certain provisions of Directive 80/767/EEC, adopted on 9 July 1987, Parliament illustrated its point of view on the matter by amending the text proposed by the Commission(17). A deadline of 1 July 1990 was laid down for adopting measures to open up public contracting in the sectors excluded from intra-Community competition, failing which the directive would also apply to these sectors.

In its common position, the Council did not take account of the amendments adopted by Parliament at its first reading, even though they were taken up by the Commission(18). Following debates at the December 1987 part-session, Parliament adopted by a large majority the recommendation by its rapporteur on the second reading concerning the procedures for the award of public supply contracts, thus reinstating the amendments at first reading which the Council had not taken into consideration(19). On 22 March 1988, the Council reached an agreement of principle and the directive will enter into force at the beginning of 1989.

- (1) Twentieth General Report on the Activities of the European Communities 1986, paragraph 1 ff and Twenty-first General Report 1987, paragraph 1 ff. The Single Act was signed in Luxembourg on 17.2.1986. It was then presented for ratification in all the Member States. Ireland's deposition of its instrument of ratification was suspended because of a High Court action brought by a private citizen alleging that the ratification procedure followed by the Irish Government was unconstitutional. Ratification by the other Member States also took a long time. At the end of October 1986 several national parliaments had still not ratified the Act. The European Parliament deemed it necessary to call on them to ratify as quickly as possible (Doc. B 2-1098/86; resolution of 23.10.1986, OJ No. C 297, 24.11.1986). Following the favourable result of the referendum on the ratification of the Single Act held in Ireland in May, the Irish constitution was amended to allow Ireland to ratify the Single Act (OJ No. L 169 of 29 June 1987). The Single Act finally entered into force on 1.7.1987, six months after the date envisaged at the European Council meeting in The Hague in June 1986.
- (2) Supplement 2/86 - EC Bulletin : Single European Act; see No. 1 A
- (3) COM(88) 134 final : Third report on the implementation of the Commission's White Paper on completion of the internal market
- (4) Doc. B 2-1000/87, resolution of 15.10.1987 - OJ No. C 305 of 16.11.1987
- (5) Doc. A 2-169/86, resolution of 11.12.1986 - OJ No. C 7 of 12.1.1987, see also 'Progress Towards European Integration' July 1986 - June 1987, No. 11, p. 153
- (6) Resolution of 21.1.1988 - OJ No. C 49 of 22.2.1988
- (7) Conclusions of the Presidency of the European Council meeting in Hanover, June 1988, on the implementation of the Single European Act
- (8) Doc. A 2-180/85, resolution of 14.1.1986, OJ No. C 36 of 17.2.1986
- (9) COM(88) 134 final
- (10) COM(86) 300 final (1st report) - COM(87) 203 final (2nd report)
- (11) Doc. B 2-1000/87, resolution of 15.10.1987 on the completion of the internal market - OJ No. C 305 of 16.11.1987 - resolution of 20.11.1987 on the annual economic report 87-88 - OJ No. C 345 of 21.12.1987 - resolution of 21.1.1988 on economic and social cohesion - OJ No. C 49 of 22.2.1988 - resolution of 8.3.1988 on the Programme of the Commission for 1988 - OJ No. C 94 of 11.4.1988 - Doc. A 2-62/88, resolution of 19.5.1988 on the economic situation and outlook for 1988
- (12) Doc. B 2-441/88; Doc. B 2-442/88; Doc. B 2-461/88
- (13) Public Supply Contracts, OJ No. C 173, 11.7.1986 and EC Bulletin 6-1986, para. 1.2.1
Public Works Contracts : COM(86) 679 final, EC Bulletin 12-1986, para. 2.1.35
- (14) Resolution of 13.6.1985, OJ No. C 175. 15.7.1985

- (15) Sectors excluded : transport, water and energy supplies, telecommunications and defence
- (16) Council Directive 77/62/EEC of 21.12.1976, OJ No. L 13 of 15.1.1977
- (17) Resolution of 9.7.1987, minutes of sitting of 9.7.1987, OJ No. C 246 of 14.9.1987
- (18) OJ No. C 303 of 13.11.1987
- (19) Doc. A 2-228/87, resolution of 16.12.1987, OJ No. C 13 of 18.1.1988

INDUSTRIAL POLICY

In the discussion on the draft budget of the European Communities for 1988, the Committee on Economic and Monetary Affairs and Industrial Policy noted again that appropriations for industry and the internal market (Chapter 77) were very small (77 m ECU) compared to the total budget (40 513 m ECU for payment appropriations). Given the increasing importance of industrial policy in the programme to achieve a truly integrated market by 1992, it felt that these appropriations should not be reduced. The committee recognized also that industrial policy initiatives were gradually coming within the scope of the Structural Funds. These expenditures have a direct impact upon industry (Social and Regional Funds, Research and Development). The Structural Funds will be doubled by 1993 as a result of the European Council agreement during the 11-12 February 1988 Summit in Brussels.

The committee emphasized that the central objective of industrial policy was to improve the competitive position of European industry and, thereby, the employment situation. In its view the Single European Act plays a vital part in improving decision-making on the completion of the internal market. Other pivotal instruments are the Community's competition and commercial policies.

On 17 June 1988, the European Parliament adopted four resolutions concerning the interinstitutional costs of non-Europe and on the Third Report on the implementation of the Commission's White Paper on completing the internal market.(1)

The main impetus for a Community industrial strategy comes from the internal market programme. The realization of the internal market will bring in its train a benefit of 170 bn ECU a year - between 2000 and 3000 ECU for a family of four. The European Parliament stressed the need to draw the institutional consequences of the costs of non-Europe, i.e. a greater role of the European Parliament in the legislative process.

The Commission published a large-scale study on the costs of non-Europe at the end of March 1988(2). This study estimated that, without any accompanying change in macro-economic policies, completion of the single market could enlarge the EEC's total gross modestic product by about 4.5% and increase employment by 1.75 million over the medium term. If EC Governments would simultaneously adopt more expansionary policies (by means of accompanying

measures), GDP could increase by 7% and employment by 5 million. The study is based both on micro-economic assessments (e.g. a survey of the opinion of 11 000 industrialists) and macro-economic calculations. It also contains a number of studies on individual sectors (manufacturing and services).

SHIPBUILDING

The shipbuilding industry is still in the throes of a profound crisis in the European Community. In the ten-member Community, the number of shipyard workers fell from 208 833 in 1975 to 69 379 in 1986. According to the Commission's estimates, 44 000 jobs are seriously threatened for the period 1987-1989.

The Sixth Directive on aid to shipbuilding(3), which entered into force on 1 January 1987 is aimed at gearing Community shipbuilding to those market sectors in which it is most competitive and introducing greater transparency in the different forms of aid to this sector.

On 31 July 1987, the Commission presented its second communication on the industrial, social and regional aspects of the shipbuilding industry(4). The Commission's objective was to respond to two constraints:

- the urgent need for the Community to tackle a serious sectoral crisis which is having a major social and regional impact;
- the medium-term prospect of a reform of the Community's structural aid system following the adoption of the Single European Act.

In addition to the provisions relating to European Social Fund and ERDF aid, the Commission proposed two further financial measures:

- a Community programme to assist the conversion of areas affected by the shipbuilding crisis (RENAVAL programme);
- a specific Community programme of accompanying social measures to assist workers in the shipbuilding industry who are made redundant or threatened with redundancy.

The initial budgetary cost of these measures for 1988-1990 was set at 271.5 m ECU and the whole range of measures proposed amounted to over 350 m ECU.

The European Parliament has been very attentive to developments in the shipbuilding industry, as evidenced by the number of oral and written questions tabled by its Members on such topics as the aid system(5), unfair competition by certain countries failing to apply certain ILO conventions(6), and international agreements on reducing overcapacities in the shipbuilding sector(7). As regards the Commission's communication, the Committee on Economic and Monetary Affairs and Industrial Policy considered(8) that the Commission was still without a coherent overall strategy and that a more thorough study should be carried out on the shipbuilding industry and its prospects. It called, in particular, for effective measures to counter Japanese and South Korean competition.

The Committee on Economic and Monetary Affairs and Industrial Policy thus felt that a final report on the shipbuilding sector could only be presented once the Commission had made known its proposals on the external trade policy aspects of shipbuilding and on the further industrial restructuring of the sector. The committee requested that the European Parliament be fully informed of the results of a study requested by the Commission from outside consultants by July 1988.

Following the opinion of the Committee on Social Affairs and Employment(9), the European Parliament approved the specific Community programme on accompanying social measures with a number of amendments. However, Parliament considered that the Commission's approach was not sufficiently geared to the future and unduly restricted to restructuring the sector through redundancies. The European Parliament also approved the RENAVAL programme proposed by the Commission after studying the report by the Committee on Regional Policy and Regional Planning(10).

The resolutions tabled by the three committees, together with the opinions of the Committee on Budgets and the Committee on Transport, were adopted by the European Parliament at its sitting of 16 June 1988.

AIRCRAFT AND SPACE INDUSTRIES

In response to the situation facing Europe's aircraft and space industries, the European Parliament adopted a number of initiatives between July 1987 and June 1988.

At its June 1987 part-session, Parliament considered the second report by the Committee on Energy, Research and Technology(11) on European space policy. On that occasion, Parliament adopted a resolution(12) in which it considered that the time had come for the European Community to work out a coherent policy on space activities. While acknowledging the need for international cooperation in this area, Parliament stressed that Europe must preserve its autonomy in space operations.

Parliament recognized the European Space Agency (ESA) as the principal instrument of European cooperation in space matters. In its report, the Committee on Energy, Research and Technology considered, in this connection, that it would be inappropriate to propose building up the role of the European Community as such in space matters, via the Commission and at the expense of the ESA for a number of reasons. However, it called for closer coordination of space policy whenever the European Community was involved in an activity. It welcomed the different research programmes set in motion by various Member States in the field of space vehicles (Hermes, Hotol, Sanger) and considered that these were not necessarily in competition with each other but could represent successive stages in space exploration.

The committee also felt that Europe should give serious consideration to proceeding alone with the Columbus project or in cooperation with partners if cooperation with the US proved impossible. The European Parliament approved certain general principles which should guide European space policy, with special emphasis on the development of a space policy for peaceful purposes and the promotion of space activities in the service of developing countries, notably by satellite remote sensing.

On 15 October 1987 the European Parliament voted on the report by the Committee on Economic and Monetary Affairs and Industrial Policy on the European aeronautical industry(13). The resolution adopted by Parliament called on the Commission to formulate a European Community strategy for the aeronautical sector. It also called for more aid for research and development programmes in this area. It considered that a genuine internal market should be established in this sector and that measures to encourage European exports should be taken. In this connection, the Committee on Economic and Monetary Affairs and Industrial Policy proposed that the EIB should play a role similar to that of the US EXIMBANK. Parliament called for special support to be given to the development of the AIRBUS programme and criticized the United States' complaints against the financial aid granted to AIRBUS by the European governments, arguing that the US aeronautical industries still enjoyed a virtual monopoly in this area and received far greater state subsidies.

In the annex to the report by the Committee on Economic and Monetary Affairs and Industrial Policy(14), the Committee on Energy, Research and Technology considered that Europe should press ahead with feasibility studies for the building of hypersonic aircraft and stressed the incentive effect which this type of project would have on European high technology. The European Parliament's Committee on Transport, in its opinion(15), recalled its support for a Community air transport policy, laying particular emphasis on air safety aspects.

On 19 October 1987, an intergroup ('Wings for Europe') was set up in the European Parliament with the aim of supporting the European aeronautical industry.

On 10 March 1988, the European Parliament adopted an intergroup resolution(16) calling on the governments of the Member States concerned to increase their financial support for the AIRBUS programme, particularly with regard to the long-haul A330 and A340 aircraft.

While believing that any deterioration in relations with the United States in this area should be avoided, Parliament considered that the US had in fact only begun to criticize AIRBUS when the Europeans decided in 1986 to enter the long-haul aircraft sector, where the US had hitherto held the monopoly. Parliament also called on Airbus-Industrie to form a single company which other European partners could be invited to join. It called for Airbus-Industrie's accounts to be denominated in ECU where possible (and no longer in dollars) and reiterated its call for an export aid financial instrument for the European aeronautical industry.

In its communication of 7 June 1988(17), the Commission notified the European Parliament of its intention of drawing up a programme of strategic measures for European aeronautical research and technology. The communication presented the project's outline, details of which were to be published in July 1988.

CONSTRUCTION INDUSTRY

In its resolution of 14 October 1987 on the Commission proposal for a directive on the approximation of the laws, regulations and administrative provisions relating to construction products, the European Parliament proposed various amendments to the Commission's proposals.(18)

The European Parliament requested that the legal basis of the proposal be changed from Article 100 to Article 100A of the EEC Treaty. Moreover, a Member State would have to cease to import any building materials which could prove a danger to health or safety. Lastly, manufacturers, industrialists and consumers should be fairly represented at meetings dealing with standards for construction products.

The directive, aside from its purely technical aspects, is the third in a series of directives on technical standardization under the new approach - the other two dealing with toys and pressure vessels. The construction products directive would allow a single market for a sector covering 1 million companies, more than 7 million workers and a turnover of more than 300 bn ECU in the Community.

The Internal Market Council of 22 June 1988 adopted a common position in the framework of the cooperation procedure with the European Parliament.

NEW TECHNOLOGIES

ESPRIT

The proposal for the second phase of ESPRIT (European Strategic Programme for Research and Development in Information Technologies) was adopted by Council on 16 April 1988(19), with a budget of 1.6 bn ECU; it is thus the largest individual programme in the entire framework programme of research and technological development (1987-91). Phase II of ESPRIT will increase considerably the Community's effort and concentrates on three sectors: micro-electronics and peripheral technologies; information processing systems and measures for the application of information technologies (IT). It should enable the results obtained in the different programme sectors (micro-electronics, knowledge engineering, advanced information processing, office automation, robotics, etc.) to be extended.

Under the cooperation procedure with the Commission and Council, the European Parliament adopted two resolutions under the first (on 18 November 1987) and second reading (on 10 February 1988) of the proposal(20). The European Parliament had proposed a number of amendments at first and second reading. Of these, the Commission accepted 12 out of 13 at first reading and two out of three at second reading; the Council rejected all three proposed at second reading. It advocated the management committee procedure for the implementation of the programme, instead of the regulatory committee procedure.

INFORMATION SERVICES MARKET IN EUROPE

The Community is falling behind the United States in certain key segments of the information sector. Europe produces only half as many on-line data-bases as the United States. This implies increasing costs of dependence in accessing specialised electronic information services. The Community, therefore, had launched a programme for the development of the specialised information market in Europe (1984-1988) with a financial allocation of 40 m ECU, which is an extension of the Euronet DIANE concept(21). The Commission has proposed an extension of its activities in this area by a plan of priority actions for the development of an information services market within the European Community by 1992(22). This plan would deal with a range of problems that have emerged as a result of the Commission's earlier initiatives, such as problems with standardization; legal and administrative problems; protection of copyright and confidentiality of data; the launching of pilot projects (libraries, training workshop on Community action in the field of learning technology (DELTA) and Strategic Programme for Innovation and Technology Transfer (SPRINT), improvement of Eurotra and Systran machine translating systems); preparation of guidelines on the principles governing tariffication; and the need to improve conditions for transmitting and accessing data.

The European Parliament adopted a number of amendments to the Commission's proposal on 16 December 1987 which reinforced and enlarged the scope of the proposal. The European Parliament insisted upon annual reporting in the field of a Community information market and asked for 45 m ECU for this programme (the Commission had proposed 35 m). The Commission accepted all of the amendments tabled by the European Parliament. The Council in its common position proposed funding of 36 m ECU(23).

In its resolution of 7 July 1988 on the common position, the European Parliament accepted the change of legal base from Article 100 to Article 235 and reserved the right to open the conciliation procedure should the Council intend to make substantial modifications to those of the Commission's proposals which had been modified by the original European Parliament amendments.

TELECOMMUNICATIONS

In June 1987, the European Commission published its Green Paper on the development of the common market for telecommunications services and equipment(24). The basic idea and aim of the Green Paper is the establishment of a competitive Community-wide telecommunications market, improving thus the competitiveness of the Community's telecommunications (hardware) industry, providing a greater variety of telecommunications services for European users, enhancing the quality of those services and supplying them at a lower cost. The Green Paper was widely welcomed and has been followed up by a time-schedule of actions in February 1988(25) and a progress report on the implementation of a Community telecommunications policy in May 1988(26).

The Green Paper examines in a comprehensive way the main areas for Community action, soliciting comments from a broad range of parties interested in telecommunications. It recommends a gradual but complete opening up of the terminals market to competition; freedom of access from any connection point as regards networks and provision of services; separation between the regulatory and operational functions; continuous review of the activities of telecommunications administrations and private providers of telecommunications services and equipment to the competition articles of the Treaty; pan-European inter-connection with appropriate standards, frequencies and tariff principles; and full application of the Community's common commercial policy to telecommunications..

One of the first actions emanating from the Green Paper was the Commission Directive on competition in the markets of telecommunications terminal equipment(27).

The European Parliament is currently discussing the Green Paper in the Committee on Transport, which held a hearing on the subject on 13 July 1988. Some points in the discussion during the hearing concerned:

- the social and consumer aspects of telecommunications re-regulation in the Community and the desirability of telecommunications employees being involved in the political decisions reorganizing the telecommunications environment;
- the questions of (i) how far the Telecommunications Administrations' (TAs) exclusive rights should go to provide 'basic services' (e.g. telephone services); (ii) cross-subsidies and price-transparency in telecommunications and postal services and the extent of the 'universal services provision' obligation of the TAs;

- the first results of the Green Paper, i.e. the Commission Directive on terminal equipment liberalisation and the establishment of the European Telecommunications Standardisation Institute (ETSI).

Since a large part of the concrete proposals for Community legislation, emanating from the Green Paper will concern competition policy, which is a Commission competence, the Commissioner in charge of competition policy, Mr Sutherland, made a presentation of the Commission's intentions in this area before the Committee on Economic and Monetary Affairs and Industrial Policy on 30 May 1988.

The (first) Council on Telecommunications of 30 June 1988 adopted a resolution expressing its global support for the Commission's initiative to establish a common market for telecommunications equipment and services. It asked the Commission to pay special attention to the external effects (imports/negotiations with third countries) of the liberalisation of the telecommunications market in the Community, as announced in the Commission's time schedule of February 1988.

The main programme on Research and Development in Advanced Communication Technology in Europe (RACE) was launched at the end of 1987, on the basis of 550 m ECU from the Community budget over five years. This covers 50% of the total cost of the programme(28).

The European Parliament adopted two resolutions on RACE on 17 September 1987 and 18 November 1987(29). Although all European Parliament amendments had been accepted by the Commission at second reading, the Council rejected unanimously the amendment concerning 'commitology', by which the European Parliament wanted to leave a wider margin of discretion for the Commission.

Following the publication of the Green Paper, a European Telecommunications Standards Institute (ETSI) was established, in which network operators, industry, users and research institutes will develop European standards.

In a debate at the plenary sitting of 22 October 1986 on satellite television, the European Parliament had asked for a progress report on the Community's strategy concerning the future generation of television. On 9 February 1988 the Commission sent a communication to the European Parliament on 'High definition television (HDTV), digital television and three-dimensional television'. The Telecommunications Council of 30 June 1988 reached

(informal) agreement that the European approach to HDTV should pass through the evolutionary MAC/packet standards on which the Council adopted a directive on 3 November 1986. In the absence of European HDTV standards, the Community runs the risk of being flooded by Japanese television hardware and US programming contents.

BRITE

In the light of the wide interest shown from universities, research institutes and companies for the four-year BRITE programme (1985-1988) on basic technological research and the application of new technologies, additional funding (60 m ECU) was approved in February 1988(30).

The European Parliament supported this increase of the BRITE budget in its resolutions of 11 November 1987 and 14 March 1988(31). This was done by the cooperation procedure foreseen in the Single European Act. At first reading, the Commission accepted all Parliament's amendments; at second reading Parliament approved the Council's common position.

- (1) Catherwood Report (Doc. A 2-39/88) on the institutional consequences of the costs of non-Europe; Docs. B 2-441/88, B 2-442/88, B 2-461/88. Third Report on the implementation of the Commission's White Paper (COM(88) 134 final)
- (2) The Economics of 1992, European Economy, No. 35, March 1988. An abridged version of this study, under the direction of Mr Cecchini, has been published in all Community languages
- (3) OJ No. L 69, 12.3.1987
- (4) COM(87) 275 final and modification COM(88) 205 final
- (5) OJ No. C 198, 27.7.1987, OJ No. C 270, 8.10.1987 and OJ No. C 93, 1.4.1988
- (6) OJ No. C 277, 15.10.1987
- (7) OJ No. C 220, 17.8.1987
- (8) Doc. A 2-66/88
- (9) Doc. A 2-26/88
- (10) Doc. A 2-76/88
- (11) Doc. A 2-66/87
- (12) OJ No. C 190, 20.7.1987
- (13) Doc. A 2-125/87
- (14) Doc. A 2-125/87 ANNEX
- (15) Doc. A 2-125/87 - end of document
- (16) OJ No. C 94, 11.4.1988
- (17) COM(88) 294 final
- (18) Resolution of 14.10.1987, OJ No. C 305, 16.11.1987; European Parliament Report Doc. A 2-153/87; Commission proposal for a Council Directive on the approximation of the laws, regulations and administrative provisions of the Member States relating to construction products (COM(86) 756 final/3)
- (19) Council Regulation OJ No. L 118, 6.5.1988
- (20) Cooperation procedure under the Single European Act: Resolution of 18.11.1987, OJ No. C 345, 21.12.1987 (first reading; Report Doc. A 2-190/87); Resolution of 10.2.1988, OJ No. C 68, 14.3.1988 (second reading; EP Report Doc. A 2-270/87)
- (21) Council Decision OJ No. L 314, 4.12.1984
- (22) COM(87) 360 final, COM(88) 3 final
- (23) EP first reading of the Proposal in Resolution of 16.12.1987, OJ No. C 13, 18.1.1988; EP report (Doc. A 2-225/87)
- (24) COM(87) 290 final
- (25) 'Towards a competitive Community-wide telecommunications market in 1992. Implementing the Green Paper on the development of the common market for telecommunications services and equipment'. Communication from the Commission (COM(88) 48 final)
- (26) 'Progress report on the implementation of a Community telecommunications policy'. Communication from the Commission (COM(88) 240 final)
- (27) OJ No. L 131, 27.5.1988
- (28) Council Regulation OJ No. L 16, 21.1.1988
- (29) European Parliament Resolutions under the first and second reading of 17.9.1987 and 18.11.1987, OJ No. C 281, 19.10.1987 and OJ No. C 345, 21.12.1987; European Parliament Reports (Docs. A 2-119/87 and A 2-195/87)
- (30) OJ No. L 59, 4.3.1988
- (31) European Parliament Resolution (first reading) 18.11.1987, OJ No. C 345, 21.12.1987 and Resolution of 14.3.1988; European Parliament Reports (Docs. A 2-191/87 and A 2-269/87)

THE STEEL INDUSTRY

In 1987, the steel industry had a relatively stable year compared with the sharp fall in production the previous year (125 million tonnes as against 112 in 1986).

The main reasons for this are the sustained trend of private consumption (consumer durables, automobiles), a revival of steel orders from third countries and the stabilizing of imports. This improvement led to a consolidation and, in some cases, a slight recovery of prices. Community steel consumption, however, showed a slight drop (100 million tonnes) and the surplus production capacity estimated by the Commission remains significant: in the region of 30 million tonnes.

After the failure of the Community steel producers (EUROFER) to achieve adequate reductions in their production capacities, the ministers of the Member States considered the 'new anti-crisis programme for European steel for the period 1988-1990' presented by the Commission(1). Before taking any decisions, the Council asked the advice of the Three Wise Men on the state and the outlook of the Community steel industry.

In its resolution of 30 October 1987(2), the European Parliament called for joint action by the Community and the three countries concerned in the restructuring of the steel industry in the Saarland-Lorraine-Luxembourg region. The European Parliament stressed the particular priority to be given to developing the transport infrastructure in these three regions. To this end, it called on the Commission to submit proposals to ensure optimal use of the resources of the ERDF and any other financial instrument for this programme.

On 19 November 1987(3), the European Parliament reiterated its urgent call for the restructuring of the steel industry. In the light of the Commission proposals(4) and the report by the Three Wise Men(5), the European Parliament called for the quota system to be maintained for at least three to four years. It called on the Council to make available immediately the resources needed to finance integrated structural programmes for the steel regions affected by the crisis. It called in particular for aid in favour of small

and medium-sized undertakings and for a programme for the training of steelworkers. Parliament also reiterated its appeal concerning unauthorized imports, calling for strict control of the arrangements and tough anti-dumping measures. The European Parliament approved the Commission's proposal to include Spain and Portugal in its anti-crisis programme.

On 30 November 1987, the Committee on Economic and Monetary Affairs and Industrial Policy submitted to Parliament its report on the Commission's new 1988-1990 anti-crisis programme(1) (and amendments(6)).

Despite the loss of 80 000 to 100 000 jobs as a result of the restructuring policy, the European Parliament gave a basically favourable assessment of the RESIDER programme(4). However, it called for the total Community contribution over the period of the programme to be doubled (600 m ECU). It was proposed that the ECSC make available an extraordinary sum of 150 m ECU for a multiannual programme for the training of steelworkers.

The European Parliament also called for the amount of transfer from the general budget to the ECSC requested by the Commission to be increased to 120 m ECU.

The European Parliament reapproved retention of the quota system for a period of four years on all the categories of products covered by Article 58 of the ECSC Treaty. It therefore called on the Commission to amend its initial proposal(7).

On 24 June 1988, the Council took formal note of the communication from the Commission(8) proposing to end the quota system on all products on 30 June 1988. The Commission considered that there had been a distinct improvement in the market situation, but that reductions in capacity had not been achieved for any product category, which was one of the pre-conditions for maintenance of the quota system. After Parliament and the Economic and Social Committee had given their opinions, the Council also declared itself willing to consider the proposal for a contribution from the general Community budget to the ECSC to finance social measures connected with the restructuring of the steel industry.

- (1) OJ No. C 272, 10.10.1987
- (2) Resolution B 2-1158/87
- (3) Resolution of 19 November 1987 (OJ No. C 345, 21.12.1987)
- (4) COM(87) 388 final/2
- (5) Bulletin EC 9-1987
- (6) OJ No. C 9, 14.1.1988
- (7) Resolutions of 17 December 1987 (OJ No. C 13, 18.1.1988)
- (8) Communication from the Commission of 15 June 1988 (COM(88) 343)

COMPETITION POLICYA. General observations

Article 3(f) of the EEC Treaty provides that the activities of the Community aimed at establishing a common market shall include the institution of a system ensuring that competition in the common market is not distorted. Competition policy is concerned with controlling the behaviour of undertakings and the structure of markets. A distinction should be made here between the control of associations of undertakings (Article 85 EEC Treaty, Article 65 ECSC Treaty) and the abuse of a dominant position (Article 86 EEC Treaty, Article 66 ECSC Treaty). In addition to the competition policy directed towards the Member States, the Community also implements measures which concern the Member States. Particular reference should be made to the control of aid granted by States to certain undertakings (Articles 92-94 EEC Treaty, Articles 4 and 6 ECSC Treaty) and the rules governing the adjustment of national monopolies of a commercial character (Article 37 EEC Treaty) and public undertakings (Article 90 EEC Treaty).

The European Parliament stresses the importance of a competition policy actively geared to the establishment of the internal market. It considers that the application of the Single Act and the completion of the internal market should be accompanied by implementation of a more dynamic competition policy by the Commission(1). Distortions of competition and partitioning of markets should be avoided(2).

The policy is implemented by the Commission, subject to the judicial control of the Court of Justice, and by the national courts to the extent that the abovementioned articles have a direct effect. The European Parliament and the Commission have on a number of occasions called for a two-tier system of judicial review(3). The Single European Act (Articles 4, 11, 26) answers this demand by providing that 'at the request of the Court of Justice and after consulting the Commission and the European Parliament, the Council may, acting unanimously, attach to the Court of Justice a court with jurisdiction to hear and determine at first instance, subject to a right of appeal to the Court of Justice on points of law only and in accordance with the conditions laid down by the Statute, certain classes of action or proceeding brought by natural or legal persons'.

The European Parliament considers that the early establishment of a court of first instance would be a positive move and that it 'could be of great assistance in ensuring more detailed economic and other assessment of highly complex cases and could also ensure fairer procedures for those concerned'(4). However, it regrets that 'appeals from such a court of first instance to the Court of Justice can be on points of law only'(4). It takes the view that 'companies subject to an investigation should at least be given the opportunity to examine the report on the facts prepared by the Commission's services and, where possible, reach an agreement on the statement of facts with the Commission before a formal decision is taken'(4).

The European Parliament regrets that 'private plaintiffs are still so reluctant to go to national courts on Community competition policy matters'(5). It hopes that rapid progress will be made on the Commission's proposed guide aimed at encouraging greater national enforcement of Community competition law(5). The European Parliament also notes that 'competition law is still not taken sufficiently seriously in some Community Member States, which either have few or no national competition laws, or else are only weakly and inconsistently enforced'(6). It observes that, as a result of this situation, there are still considerable distortions of competition and believes that 'in accordance with Article 8a of the Treaty, it is necessary to harmonize legislation in the field of competition policy'(6). In its 17th report, the Commission has subsequently observed that there is a growing coherence between Community rules and national competition laws reflecting a convergence in the philosophy of competition within the Community. The Commission takes the view that this voluntary process of harmonization should not be jeopardized by a Community directive(7).

The European Parliament has in recent years endeavoured to increase its influence on the Commission and on the competition policy implemented by the Commission by establishing a closer and regular dialogue with the Commission and calling for additional studies and working documents to be prepared on specific questions. In its resolution on the 16th report, Parliament asks the Commission to provide more explanation as to why there has been an increase in the number of cases pending (paragraph 44) and to clarify the criteria on which it selects the cases to be investigated (paragraph 45) and notes that the 'opposition procedure' for accelerated exemptions for individual agreements has been extensively invoked in the case of block exemptions (paragraph 47). These points reflect Parliament's continuing concern with competition policy procedures. In its resolution on the 16th report on

competition policy, Parliament reiterates its call for Community competition policy procedures to be both speedy and fair (paragraph 42) and requests the Commission to take firmer action to improve its procedures with regard to the treatment of confidential information, further to the Stanley Adams and AKZO cases (paragraph 50).

Another constant feature of Parliament's approach is its overall endorsement of the competition policy implemented by the Commission and the support which it lends the Commission in the event of disagreement with the Council. Such is the case in relation to the extension of the scope of the articles on competition to include previously isolated or protected sectors. Parliament welcomes the liberalization of air transport but stresses that the package of proposals accepted can only be seen as an interim stage in progress towards complete liberalization in this sector, and therefore expects the Commission to submit further proposals(8). Parliament also welcomes the fact that the Council has finally adopted a number of measures applying Articles 85 and 86 to maritime transport, but notes that a number of important matters have not yet been resolved. It notes with approval that the principles of Community competition policy have been strongly reinforced as regards the banking sector and motor vehicle distribution(8). It regrets that the Commission has not responded to Parliament's previous request for it to examine the potential problems for competition in such service sectors as tourism, industrial consulting and the liberal professions and insists that the Commission's next report include a comprehensive analysis of the problems posed for competition in the media sector(8).

The European Parliament has for years been insisting that it should be more closely involved in competition policy. To enable it to exercise its supervisory powers more effectively, it requested that the Commission's report on competition policy be submitted to it before the end of April to allow time for thorough examination. Since the 17th report, like the previous report, was not published within the prescribed time limit, Parliament has asked the Commission to give higher priority to future annual reports(9).

B. Cartels and abuses of dominant positions

The European Parliament has on past occasions expressed its desire to be more closely involved in competition policy; it considers in particular that it should be formally consulted on block exemption regulations(10). The Commission has so far given an undertaking that it will consult Parliament, albeit on a purely informal basis, on draft regulations. It is also important

that Parliament should be consulted at a sufficiently early stage in the preparation of drafts. It therefore 'welcomes the prompt transmission by the Commission of the proposed draft regulation on franchise agreements to the appropriate committee of Parliament'(11). In view of the increase of the number of franchise agreements in recent years and the generally favourable economic impact which Parliament expects them to have, it supports the Commission's efforts to establish a separate block exemption regulation for such agreements. Parliament 'welcomes the Commission's draft regulation and urges that it be adopted as soon as possible'(11).

Parliament also approves of the fact that distribution and service franchises have not been included in the scope of the draft regulation and requests the Commission to take better account in its text of the special features of mobile franchises. Parliament considers, lastly, that 'insufficient safeguards are provided for franchisors by those provisions in the draft regulation permitting franchisees to acquire financial interests in the capital of competitors of the franchisor where this investment does not involve it personally in carrying on competing activities' and 'calls for these provisions to be modified by the Commission'(11).

The Commission is also preparing a block exemption regulation for know-how licensing agreements in the production and distribution sector. The European Parliament notes that know-how agreements, by which an undertaking in possession of a body of technical information which is secret but not protected by patents confers on another undertaking the right, whether exclusive or otherwise, to exploit such know-how, are becoming more frequent and increasingly important. It consequently approves the proposal for the introduction of a block exemption regulation since it believes that 'the legal certainty that will be provided by this regulation is likely to encourage the dissemination of know-how and, in so doing, to improve competition and the competitiveness of Community industry'(12). Parliament points out in its explanatory statement that it would like the regulation to be more flexible and better balanced, and, in particular, more favourable to the licensor. It calls for 'the scope of the draft regulation to be widened to include all know-how agreements which the licensee considers sufficiently crucial for his activities'(12). It believes 'it is excessive and unrealistic, in the case of reciprocal notification of improvements, to impose on the licensor the requirement that he cease to use such improvements once the licensee himself ceases to use the original know-how'(12). It therefore proposes that the time limit should be fixed by the parties concerned. Lastly, it considers

excessive the Commission's option of withdrawing the benefit of the regulation on the grounds that the licensee refuses, without objectively valid reason, to meet orders. The licensor is thereby unfairly exposed 'to the consequences arising solely from the behaviour of the licensee'(12).

Back in 1973 the Commission submitted to the Council a proposal for a regulation on the control of concentrations between undertakings.

The European Parliament delivered an opinion on the initial proposal and on the subsequent amended proposal(13). For years now the Council has been in a state of deadlock over this proposal. Parliament considers that a consistent Community approach to concentrations between undertakings is vital to the success of competition policy. It regards it as inconceivable that the Twelve Member States should continue to implement differing policies while the number of international mergers continues to increase(14). Parliament considers that a Community merger policy must be flexible and must provide the necessary certainty through the application of clear, objective legal and economic criteria determined beforehand; it should guard against mergers taking place for short-term considerations and take account of regional interests(15).

The Council reacted favourably to a resolution(16) adopted by Parliament calling for action to be taken to end the many years of deadlock on the Council's Economic Questions Working Party and the Committee of Permanent Representatives on the proposal. In the light of the Council's favourable reaction, the Commission submitted an amended proposal for a regulation (COM(88) 97 final). The Council Presidency has given absolute priority to this work and a regulation on the control of concentrations between undertakings should be adopted between now and 1989. Parliament is proposing to draw up a separate report on this subject.

In a resolution on the fixing of book prices(17), Parliament notes that the Commission and the Court of Justice have found that no exemption can be granted pursuant to Article 85(3) to make a transfrontier price arrangement possible. The Commission could, however, propose specific individual measures taking account of cultural aspects. Parliament calls on the Commission to propose a Community framework directive on book prices within language areas.

In order to avoid the need for large numbers of small and medium-sized businesses to declare agreements which they have concluded, and to encourage cooperation between them, the Commission has published a regulation laying

down that certain agreements do not come within the scope of Article 85(1). This notice on agreements of minor importance (OJ No. C 321 of 12.9.1986), which is welcomed by Parliament, raises the turnover limit from 50 m to 200 m ECU. Parliament regrets, however, the rather cursory summary of the situation of small and medium-sized enterprises in the 16th report on competition policy. It calls for this section to be expanded in future reports and asks the Commission to prepare, in close cooperation with the Task Force for SMEs, a separate report on the impact of Community competition policy on small and medium-sized enterprises(18).

C. State aid and public undertakings

A special Commission Task Force is carrying out a review of all the support mechanisms in the Member States. At the same time the Commission is engaged in estimating the volume of state aid in the Member States. Parliament emphasizes the great importance that it attaches to this work and asks to be more closely involved(19).

In 1983 the Commission addressed a Communication to the Member States informing them that they should repay any aid granted to them illegally, i.e. without the Commission having been given sufficient notice or having taken a final decision on the compatibility of the aid with Article 92 (OJ No. C 3/18/83). The Commission demands the systematic repayment of any aid granted illegally and considered incompatible with the common market. Parliament supports this approach(20).

Parliament has underlined the vital role that regional aid can play in building cohesion within the Community. It calls for greater coordination of this aid and, in particular, much greater concentration of regional aid on regions where it is really needed. It considers that the development regions in a number of relatively prosperous Member States are too big in terms of area and population and observes that the economically developed Member States allocate relatively more State aid to the regions that the economically less developed Member States. It also believes that State aid to disadvantaged regions tends to have less of a distorting effect on competition if the recipients are small or medium-sized enterprises with local or regional market impact(21).

Parliament underlines the need for continuing aid for research and development and innovation(22). In a resolution on the European aeronautical industry(23) Parliament calls for 'greater coordination of aeronautical industries' and 'expanded aid for aeronautics research and development'.

- (1) Resolution on the 16th Commission report on competition policy, adopted on 17 December 1987 (Doc. A 2-223/87) OJ No. C 13, 18.1.1988
- (2) Resolution embodying the opinion of the European Parliament on the Communication from the Commission entitled: 'Making a Success of the Single Act - a new frontier for Europe', adopted on 13 May 1987, OJ No. C 156, 15.6.1987
- (3) 15th report on competition policy, para 45
Resolution on the 15th Commission report on competition policy, para. 57
Resolution on the 16th report, para 48
- (4) Resolution on the 16th report, para 48
- (5) Idem, paras 36-37
- (6) Idem, paras 38, 39, 41
- (7) 17th report on competition policy, Part 1, Chapter I, para 1
- (8) Resolution on the 16th report, paras 3-7, 10, 19, 20
- (9) Idem, para 53
- (10) Resolution on the 13th report, para 66
- (11) Resolution on the draft Commission regulation on the application of Article 85(3) of the Treaty to categories of franchise agreements, minutes of meeting of Thursday, 16 June 1988.
Report drawn up on behalf of the Committee on Economic and Monetary Affairs and Industrial Policy, Doc. A 2-17/88
- (12) Resolution on a draft Commission regulation on the application of Article 85(3) of the EEC Treaty to certain categories of know-how licensing agreements, minutes of meeting of Thursday, 16 June 1988
Report drawn up on behalf of the Committee on Economic and Monetary Affairs and Industrial Policy, Doc. A 2-36/88
- (13) Proposal: OJ No. C 92, 31.10.1973; opinion: OJ No. C 23, 8.3.1974; opinion on amended proposal: OJ No. C 322, 28.11.1983
- (14) Report drawn up on behalf of the Committee on Economic and Monetary Affairs and Industrial Policy on the 16th Commission report on competition policy, Doc. A 2-223/87
- (15) Resolution on the 16th report, para 12
- (16) Resolution on mergers, OJ No. C 318, 30.11.1987
- (17) Resolution on the fixing of book prices, OJ No. C 99, 13.4.1987
- (18) Resolution on the 16th report, paras 16-17
- (19) Idem, para 22
- (20) Idem, para 30
- (21) Idem, paras 25-26
Resolution on the effects of Articles 92 and 93 of the Treaty on regional policy, OJ No. C 305, 16.11.1987
- (22) Resolution on the 16th report, para 28
- (23) Resolution on the European aeronautical industry, OJ No. C 305, 16.11.1987

MULTINATIONAL UNDERTAKINGSIndustrial relations

- (Amended) proposal for a directive on procedures for informing and consulting the employees of undertakings with complex transnational structures (VREDELING Directive)(1)

Little progress has been made since the ad hoc working party proposed to the Council of Ministers for Social Affairs meeting on 13 December 1984 a 'new approach' to take account of law and practice in many of the Member States on the industrial relations front(2). The idea behind this new approach is that what needs to be established is the right of workers to be informed and consulted on decisions affecting their interests rather than a requirement on undertakings to inform and consult their workers. Almost all the Member States subscribe to the new approach, although the United Kingdom and Denmark have expressed certain general reservations.

In order to prevent the directive from coming to a standstill, the Council Presidency (Netherlands) proposed in June 1986 that the Council should pass a resolution taking note of the impossibility of reaching an agreement at that time, acknowledging the importance of the matter and requesting the Commission to continue to monitor closely developments in national legislation in the field of industrial relations. The discussion may be resumed at the beginning of 1989 on the basis of the Commission reports(3).

During the September 1987 part-session, the European Parliament adopted a resolution on the rights of workers in multinational companies(4). This resolution urges the Council and the Commission to institute compulsory procedures requiring workers to be briefed and consulted in the event of changes to the structure of a multinational company, should these have an effect on the number and type of jobs in the company.

Given the hold-ups in the harmonization of company law, and, more specifically, the position adopted by Parliament during the discussions on the (Tenth) Directive on cross-border mergers, and with a view to exerting stronger pressure to complete the social side of the internal market, the Commission has announced further initiatives in this area (Fifth Directive, the European company).

- (1) Initial proposal COM(80) 423 final, OJ No. C 297, 15.11.1980
Parliament's opinion of 14.12.1982, OJ No. C 13, 17.1.1983
Amended proposal COM(83) 292 final, OJ No. C 217, 12.8.1983
- (2) See 'Progress in the Construction of Europe', PE 90.700, PE 98.500,
PE 106.100 and PE 114.500
- (3) On 21 July 1987 the Council formally adopted the conclusions of the
proposal for a directive - OJ No. C 203, 12.8.1986 - Bulletin of the EC
No. 7/8-1986, paragraph 2.1.102 - Bulletin of the EC 6 - 1986, paragraph
2.1.115
- (4) Doc. B 2-842/87, resolution of 17 September 1987, OJ No. C 281, 10.10.1987

SMALL AND MEDIUM-SIZED UNDERTAKINGS (SMUs)Definition

SMUs are generally defined as independent undertakings with fewer than 500 employees, and for New Community Instrument (NCI-IV) loan purposes, with assets less than 14 m ECU. They are extremely important because they create a large number of jobs; in proportion to assets they do in fact employ more people than big enterprises, being in general more labour-intensive. Furthermore, they are flexible and play their part in innovation and the diversification of the economy. SMUs are found in the manufacturing, commercial and service sectors.

Developments

On 29 February 1988, the Commission issued its second report(1) on the realization of the objectives of the action programme for SMUs. In accordance with the Council resolution of 20 October 1986(2), it drew up a communication on an enterprise policy for the Community(3).

The report on the implementation of the action programme lists the measures taken to improve the environment for business and to promote the creation and development of SMUs, as well as detailing the progress made in the field of cooperation between the Commission and business organizations. In addition, it suggests directions for future initiatives in support of SMUs, especially by summarizing the important developments which have occurred in the following areas: the benefits to companies of progress in the construction of the internal market; certain proposals on company law and taxation; the launching of the pilot phase of the Euro Info Centres(4) and the progress of the BC-Net project; participation of SMUs in the Community programmes for research and development and vocational training; recognition of the special role of the SMU sector in the projects for reform of the structural funds(5) and development of the techniques of financial engineering(6).

The communication on enterprise policy constitutes a firm commitment, with the single market in view, to the creation of a favourable environment for business and to support for the creation and development of SMUs. It reflects the experiences of the setting up of the action programme for SMUs, and lays

down a consistent frame of reference for an approach rooted in a wider economic policy context and linked to the completion of the internal market and the related reforms. The communication does not make specific provision for new measures, but lists the areas in which they might be envisaged. It also defines the three objectives and principles which should guide future action. These three major goals of enterprise policy are:

- to safeguard and improve the environment for business;
- to help new and growing enterprises benefit from the opportunities offered by the internal market;
- to ensure that there is a consistent framework of principles and methods enabling enterprises, especially SMUs, to play a part in the implementation of Community policies.

In the period under review, Parliament, in debates, questions and resolutions, expressed its strong concern that SMUs should not be put at a disadvantage by the measures proposed by the Commission for a wide range of sectors(7).

During the December 1987 part-session, Parliament delivered an opinion in favour of the proposal for a decision concerning a Community programme to create and develop business and innovation centres(8). In particular, it insisted on the need for SMUs to maintain their independence.

(1) COM(88) 64 final, 29 February 1988

(2) OJ No. C 287, 14.11.1986

(3) COM(88) 241 final, 29 April 1988 and COM(88) 241 final/2, 10 May 1988

(4) EC Bulletin 4-1987, paragraph 2.1.18 and EC Bulletin 7/8-1987, paragraph 2.1.2

(5) OJ No. C 245, 12.9.1987

(6) OJ No. C 80, 27.3.1987

(7) Doc. B 2-182/88, 22 April 1988, H-318/87, in OJ No. 2-357 (Annex)

(8) OJ No. C 13, 18.1.1988

FREEDOM OF ESTABLISHMENT AND FREEDOM TO PROVIDE SERVICES
FOR SELF-EMPLOYED PERSONS

Articles 52 to 66 of the EEC Treaty govern, as regards both freedom of establishment and freedom to provide services, the free movement of self-employed persons pursuing, in the Community, an activity of an industrial or commercial character or that of a craftsman or of a profession.

In its judgments in the *Reyners* case(1) and the *van Binsbergen* case(2) the Court of Justice stated that Articles 52 and 59 of the EEC Treaty came into force immediately after the expiry of the transitional period, that is on 1 January 1970, which means that self-employed foreigners must be treated in the same way as self-employed nationals. It was nonetheless necessary to adopt the Community legislation providing for the mutual recognition of qualifications and the coordination of provisions laid down by law, regulation or administrative action to make it possible to exercise the right of establishment and freedom to provide services in respect of such activities.

Following Directive 63/220, which was extended in 1973(3) and removed the restrictions on freedom of movement and the right of residence of nationals of Member States wishing to carry on activities as self-employed persons, and the resolution of 6 June 1974(4), which set out the principles applicable to the mutual recognition of diplomas, certificates and other evidence of formal qualifications, the Council adopted a whole series of directives designed to implement freedom of movement for self-employed workers.

At present, such directives exist for the occupations of doctor, nurse, dentist, veterinary surgeon, midwife, architect, pharmacist, carrier, lawyer, insurance agent and broker, self-employed commercial agent, hairdresser, transport agent and travel agent(5). For certain commercial and craftsmen's activities a special system of recognition of qualifications applies, whereby the right to exercise the activity is subject to proof of the worker having carried it on in another Member State over a set period of time specified by the directive. This type of system applies for example to the wholesale and retail trades, middlemen operating in commerce, industry and the crafts sector, personnel services, the food and drink-manufacturing industries, itinerant traders and workers and various other activities.

A number of directives also concern freedom of establishment or freedom to provide services in respect of other self-employed activities, in particular in the banking, insurance and labour market sectors and the public-sector supply industry.

The proposals for directives laying down implementing rules in respect of freedom of establishment and freedom to provide services for engineers(6), which go back to 1969, have not yet been adopted by the Council.

But the decisive impetus for the full implementation of freedom of establishment and freedom to provide services for the majority of self-employed persons will certainly come with the adoption by the Council of the proposal for a directive on a general system for the recognition of higher education diplomas(7). This proposal, which the European Parliament approved on 14 November 1985(8), is intended to introduce far-reaching innovations in the existing procedure, in that it will no longer be necessary, except in special cases, to have recourse to specific directives in order to harmonize legislation concerning qualifications and conditions of access to individual professions: the recognition of qualifications based on mutual trust and cooperation between the Member States will make it possible to respond quickly to the individual needs of all those with a higher education diploma who wish to carry on a recognized professional activity in a Member State other than that in which they have received their education. Pending the adoption of this directive, which is expected shortly, the Commission has submitted little in the way of other proposals for directives to provide for the mutual recognition of diplomas for specific professions.

During the period under review (July 1987-June 1988), the Council adopted Directive 87/540/EEC of 9 November 1987 on access to the occupation of carrier of goods by waterway in national and international transport and on the mutual recognition of diplomas, certificates and other evidence of formal qualifications for this occupation; Parliament has already delivered a favourable opinion on this, in 1984(9). Also in regard to transport, Parliament has approved in 1988 two reports on the proposals from the Commission to the Council for regulations on common rules for the international carriage of passengers by coach and bus and on the conditions under which non-resident carriers may operate national road passenger transport services within a Member State(10).

In the banking sector, the Commission submitted to the Council in February 1988 a proposal for a second directive on the coordination of laws, regulations and administrative provisions relating to the taking-up and pursuit of the business of credit institutions and amending Directive EN(88)2057E

77/780/EEC(11). In regard to insurance, the Council is expected to adopt shortly a second directive on the coordination of laws, regulations and administrative provisions relating to direct insurance other than life assurance, laying down provisions to facilitate the effective exercise of freedom to provide services and amending Directive 73/239/EEC. The European Parliament will deliver an opinion shortly on this proposal under the cooperation procedure (second reading)(12). The directives referred to will affect the independent activities of those working in insurance firms and credit institutions.

The European Parliament also approved in May 1988, on first reading, two reports on two proposals for directives from the Commission to the Council - one on the coordination of procedures for the award of public works contracts and the other on the application of Community rules on procedures for the award of public supply and public works contracts(13).

In December 1987, the Commission forwarded to the Council two proposals for directives amending the existing directives relating to the mutual recognition of diplomas, certificates and other evidence of formal qualifications and coordinating the laws, regulations and administrative provisions relating to the activities of doctors, nurses responsible for general care, dental practitioners, veterinary surgeons and midwives(14). The purpose of these proposals is to introduce certain technical adjustments to the existing directives which have been made necessary following changes in the national laws. Parliament will be delivering an opinion on these directives soon under the cooperation procedure.

The European Parliament has continued to encourage new initiatives on the part of the Commission and to ascertain that Community rules are being correctly applied by the Member States, condemning abuses and cases of non-compliance in written and oral questions and resolutions.

Some examples are: Written Question No. 63/87 on freedom of establishment of optometrists(15); Written Questions Nos. 2638/86 and 766/87 on freedom of establishment of doctors(16); Written Question No. 1010/87 on freedom to exercise the occupation of geologist(17) and Written Question No. 448/87 on the use of the services of the liberal professions in the building industry(18).

On 18 September 1987, the European Parliament adopted a resolution on the activities of dental technicians(19), in which it called on the professional bodies concerned and the Commission itself to work together to reach a

satisfactory solution regarding the recognition of qualifications and common rules to be adopted throughout the Community in respect of diplomas for the work of these specialists.

On various occasions the European Parliament has drawn the Commission's and the Council's attention to the delay in taking decisions required to complete the internal Community market between now and the end of 1992, in particular in regard to freedom of establishment and freedom to provide services, and called on them to step up efforts to transform this objective into reality(20).

According to the Fourth Annual Report to the European Parliament on Commission monitoring of the application of Community law in 1986(21), the majority of infringements of the provisions on the free movement of persons and freedom to provide services (Articles 52 and 59 of the EEC Treaty) had again occurred in relation to discrimination on the grounds of nationality regarding access to an occupation, particularly in Greece, France and Italy. On the other hand, there was a substantial fall (from 53 to 13) in the number of infringements of the directives adopted under Article 57 of the EEC Treaty with a view to ensuring the freedom of movement of persons practising a profession or occupation (doctors, nurses responsible for general care, dentists, midwives, lawyers, hairdressers and transport agents). The Commission referred to the Court of Justice four cases of incomplete or incorrect transposal into national law of these directives adopted by the Council.

Among more recent judgments of the Court of Justice relating to freedom of establishment and freedom to provide services for self-employed persons, one may mention the following: the judgment of 7.7.1987(22), in which Italy is condemned for failing to take the necessary measures to comply with Council Directive 82/76 on full-time and part-time training of medical specialists; the judgment of 12.2.1987(23), in which Belgium is condemned for failing to apply Directives 75/362 and 75/363 on doctors' right of establishment and freedom of movement; the judgment of 25.2.1988(24), which states that the Federal Republic of Germany had failed to fulfil its obligations under Articles 59 and 60 of the EEC Treaty and Council Directive 77/249/EEC, by which it is required to facilitate the exercise by lawyers of the freedom to provide services, since it had imposed a rule that the lawyer offering the service must act in conjunction with a lawyer established on Federal German territory, which the Court considered unjustified; and the judgment of 15.3.1988(25), which states that Greece had failed to fulfil its obligation under Articles 52 and 59 of the EEC Treaty by prohibiting nationals from other Member States from setting up private colleges or giving lessons at home.

- (1) Case 2/74, Reports of cases before the Court of Justice (ECR reports), 1974, p. 631
- (2) Case 33/74, ECR reports, 1974, p. 1299
- (3) OJ of 4.4.1964, p. 845, and OJ No. L 172, 28.6.1973, p. 14
- (4) OJ No. C 98, 20.8.1974, p. 1
- (5) Directives 75/362/EEC and 75/363/EEC of 16.6.1975, Directive 82/76/EEC of 26.1.1982 partially amending the two earlier directives and Directive 86/457/EEC of 15.9.1986 respectively; Directives 77/452/EEC and 77/453/EEC of 27.6.1977; Directives 78/686/EEC and 78/687/EEC of 25.7.1978; Directives 78/1026/EEC and 78/1027/EEC of 18.2.1978, Directives 80/154/EEC and 80/155/EEC of 21.1.1980; Directive 85/384/EEC of 10.6.1985; Directives 85/432/EEC and 85/433/EEC of 16.9.1985; Directives 74/561/EEC and 74/562/EEC of 12.11.1974, Directive 77/796/EEC of 12.12.1977 and Directive 87/540/EEC of 9.11.1987; Directive 77/249/EEC of 22.3.1977; Directive 77/92/EEC of 13.12.1976; Directive 82/489/EEC of 19.7.1982; Directive 86/653/EEC of 18.12.1986; and Directive 82/479/EEC of 29.6.1982, OJ No. L 213, 21.7.1982
- (6) OJ No. C 99, 30.7.1969
- (7) OJ No. C 217, 28.8.1985; OJ No. C 143, 10.6.1986
- (8) OJ No. C 345, 31.12.1985, p. 63
- (9) OJ No. L 322, 12.11.1987, p. 20
- (10) COM(87) 79 final, Doc. A 2-243/87 and COM(87) 31 final, Doc. A 2-230/87
- (11) COM(87) 715 final, OJ No. C 84, 31.3.1988
- (12) Docs. C 2-1/88 and A 2-42/88
- (13) COM(86) 679 final, Doc. A 2-37/88 and COM(87) 134 final, Doc. A 2-290/87
- (14) COM(87) 577 final and COM(87) 649 final
- (15) OJ No. C 324, 3.12.1987
- (16) OJ No. C 226/52, 24.8.1987 and OJ No. C 93, 11.4.1988
- (17) OJ No. C 324, 3.12.1987
- (18) OJ No. C 121, 9.5.1988
- (19) OJ No. C 281, 19.10.1987
- (20) e.g. resolutions of 9.7.1987, OJ No. C 246, 14.9.1987 and of 21.1.1988, OJ No. C 49, 22.2.1988
- (21) COM(87) 250 final, 10.9.1987
- (22) Case 49/86: Commission v Italian Republic, OJ No. C 204, 31.7.1987, p. 2
- (23) Case 306/84: Commission v Kingdom of Belgium
- (24) Case 427/85: Commission v Federal Republic of Germany, OJ No. C 74, 22.3.1988, p. 12
- (25) Case 147/86: Commission v Hellenic Republic, OJ No. C 92, 9.4.1988, p. 4

FISCAL HARMONIZATIONA. General

Pursuant to Article 99 of the EEC Treaty (as amended by Article 17a of the Single European Act) the Community institutions are responsible for harmonizing the Member States' legislation on indirect taxation. Although the Treaty contains no such article on direct taxation, Articles 100 and 102, which form the general basis for the approximation of legal provisions, may also serve as the legal basis for the approximation of direct taxation.

The Court of Justice has made it clear that the application of Articles 95 and 96 is not conditional on the implementation of Article 99; the first two articles, which have direct effect, are designed to eliminate all national fiscal practices which might lead to discrimination between imported or exported goods and similar domestic products, regardless of the differences between national fiscal systems before harmonization. According to Article 99, trade barriers arising from differences in national fiscal systems are to be dismantled, even if these systems are not applied in a discriminatory manner(1).

B. Indirect taxation

Until now harmonization has extended to the arrangements for levying taxes and the setting of a uniform tax base for value added tax.

As far as excise duties are concerned, a certain degree of harmonization has already been attained in the case of tobacco. In the case of alcoholic beverages and mineral oils, we have not yet moved beyond proposals.

Under its programme to complete the internal market by 1992, submitted in June 1985 with the publication of a White Paper, the Commission proposes major approximation measures in respect of value added tax and excise duties(2). The Council has approved the method for eliminating fiscal frontiers proposed by the Commission.

In August 1987 the Commission complied with the request by the Council and Parliament to submit detailed harmonization proposals. Four of the proposals concern the harmonization of value added tax(3), while another four relate to excise duties(4).

In the meantime the Council wishes to consider the proposals submitted to it for a uniform tax base for VAT and a uniform system of excise duty.

As in the previous year, no new directives had been issued by July 1988.

In tandem with the execution of the implementation programme as scheduled, the Commission submitted a proposal for a directive in November 1985, imposing a standstill on VAT and excise duties in order to achieve greater convergence in the number and level of rates(5). After Parliament's opinion of 9 October 1986(6) the Commission modified its proposal only in respect of the number of rates to be applied by States which currently only have one rate. They can switch to either two or three rates(7).

In preparation for a thorough discussion in the plenary on the recent far-reaching Commission proposal, for the economy and budget of the different Member States, the Committee on Economic and Monetary Affairs and Industrial Policy recently (April 1988) organized a public hearing on the matter. During these meetings several points of view on the fiscal harmonization programme were confronted. Thus representatives of the Commission and the Council were heard by Members as well as experts and representatives of private enterprise. Final reports are to be expected at the end of 1988.

1. Value Added Tax (VAT)

Apart from the proposals for directives on a special system of turnover tax for small and medium-sized undertakings(8), which has been under consideration for some time now, the proposal for a directive on the third amendment to Directive 83/181/EEC(9), and the Commission proposals for 18th and 19th Council Directives(10), Parliament has been in possession of detailed proposals on the reform of the VAT system since August.

With regard to VAT rates the Commission suggested that complete uniformity in all the individual Member States is not necessary and that it is sufficient if the rates fall within certain bands. The Commission proposed a band width of 4 to 9 per cent for the reduced rate and 14 to 20 per cent for the standard rate(11).

After the approximation of VAT rates it would be possible to introduce the clearing system, which is supposed to operate in the following way.

In future, exports to other Member States will be liable to a turnover tax in exactly the same way as goods purchased inside a country. Importers, however, may deduct VAT paid in advance from the total amount owed. To ensure that the VAT goes to the country of final consumption, each country will calculate the difference between VAT received on exports and advance payments on imports. If the Member State in question should turn out to be a net exporter, it will have to pay the balance of VAT to the central clearing house; if the country is a net importer, it will receive corresponding payments from the clearing house. Balances will be worked out at regular intervals (perhaps monthly)(12).

The Commission made it plain that it is prepared to help Member States which experience social or budgetary problems as a result of the approximation of VAT rates(13).

As no objections were raised to the United Kingdom's application for a dispensation from the Sixth VAT Directive, it will continue to be possible to prevent the avoidance of VAT on the sale of products to tax-exempt concerns(14).

The Commission has withdrawn its proposal for a Seventh Directive on the application of VAT to the turnover on objets d'art, collectors' items, antiques and used goods. The reason for this was the wording favoured by the Council, which would only have served to widen differences between the Member States(15).

2. Excise duties

The Commission has submitted a comprehensive package on the harmonization of taxation on tobacco, alcohol and mineral oils(16).

In the case of tobacco a further distinction was drawn between cigarettes and other tobacco products. For cigarettes a rate consisting of an ad valorem share plus VAT, constituting 52 to 54 per cent of the retail sale price, and a specific excise duty in the region of 19.5 ECU per 1000 cigarettes is proposed. On other tobacco products a rate consisting simply of the ad valorem rate plus VAT as a percentage of the retail price will be applied. The rates are set out in the following table:

- | | | |
|------------------------------|-------------------------|---|
| - Cigarettes: | Specific excise duty | 19.5 ECU per 1000 cigarettes |
| | + ad valorem rate + VAT | 52-54 per cent of the retail selling price |
| - Cigars/cigarillos: | | |
| | ad valorem rate + VAT | 34-36 per cent of the retail selling price |
| - Smoking tobacco: | | |
| | ad valorem rate + VAT | 54-56 per cent of the retail selling price |
| - Snuff and chewing tobacco: | | |
| | ad valorem rate + VAT | 41-43 per cent of the retail selling price(17). |

(a) Alcohol:

(b) Mineral oils:

A standstill agreement was suggested for excise duties, too; in particular, no new excise duties are to be introduced which would lead to the taxation of imports or tax exemption of exports or intra-Community border checks(20).

3. Tax exemption and simplification schemes

(a) Tax exemption

The Commission has submitted a number of proposals for exemption from VAT. Allowances for goods in international transit and for persons travelling within the Community as well as from third countries are to be raised. The derogations for Greece, Denmark and Ireland are also to be increased(21). Tax reliefs on small consignments are to be increased to keep pace with inflation(22). Indirect taxes on transactions in securities are to be abolished from 1 January 1990(23). VAT exemption for artists, as mooted in the proposal for a 19th Directive, was deleted by the Commission on the advice of the European Parliament(24).

(b) Simplification schemes

At the moment a proposed simplification scheme for small and medium-sized businesses is being tested. Until now such undertakings were permitted to opt for the simplified procedure for charging VAT, if their turnover was less than 150 000 ECU. At the proposal of Parliament, this amount is to be raised to 200 000 ECU(25). The Commission has submitted a proposal to this effect to the Council (OJ No. C 310/87). By Council decision this threshold is already 340 000 ECU in the United Kingdom(26).

- (1) Case 171/78, Commission v. Denmark, 27.2.1980, ECR 1980, 447, and Case 55/79, Commission v. Ireland, 27.3.1980, ECR 1980, 481
- (2) COM(85) 310 final, 'The Completion of the Internal Market', Commission White Paper to the European Council
- (3) COM(87) 321 to 324
- (4) COM(87) 325 to 328
- (5) Forwarded to the Council on 21 November 1985, COM(85) 506 final, OJ No. C 313, 4.12.1985
- (6) Oppenheim report, Doc. A 2-90/86; Resolution of 9 October 1986, OJ No. C 283, 10.11.1986
- (7) Forwarded to the Council on 23 January 1987, OJ No. C 30, 7.2.1987
- (8) COM(86) 444
- (9) OJ No. L 105, 23.4.1983
- (10) OJ No. C 347, 29.12.84
- (11) COM(87) 321
- (12) COM(87) 323
- (13) EC Bulletin 7/8-1987
- (14) OJ No. L 188, 8.7.87
- (15) EC Bulletin 11-1987
- (16) COM(87) 325-328
- (17) COM(87) 326 and COM(87) 325
- (18) COM(87) 328
- (19) COM(87) 327
- (20) COM(87) 324
- (21) COM(87) 570
- (22) COM(87) 583
- (23) OJ No. C 115/87
- (24) COM(87) 315
- (25) OJ No. C 190/87
- (26) OJ No. L 213/87

SOCIAL POLICYIntroduction

The unemployment rate in the Community is still high despite a slight fall during the period under consideration. At the end of April there were 15.9 million registered unemployed in the Community, i.e. 10.3% of the active population, as against 16.3 million at the same time last year. In the last two years, unemployment among the under-25s has fallen from 22.9% to 20.5%, whereas it has doubled among the over-25s; it is even higher in Italy, Spain and Portugal.

The tendency shown by the Council to adopt only non-binding recommendations and statements in the social and labour market spheres has once again been evident in the period under consideration. At its meeting on 1 December 1987 the Council of Ministers of Labour and Social Affairs adopted a series of conclusions on long-term unemployment(1). The ministers adopted, by a simple majority, a decision on an action programme on vocational training and the preparation of young people for adult and working life covering the period 1988-1992 (for further details see No. 26). On 18 April 1988 the Council adopted the second action programme on the disabled, the HELIOS programme, covering the period from 1 January 1988 to 31 December 1991. The overall budget is roughly 19 m ECU.

Following the adoption of the Single European Act and the decision to establish the internal market, the Council and the Commission have both been relatively active in the sphere of the health and safety of workers at the workplace, the Council of Ministers of Labour and Social Affairs adopting a series of proposals on 1 December 1987 and 9 June 1988. As the Committee on the Environment, Public Health and Consumer Protection is the committee responsible in this field, you are referred to Nos.18 and 19.

The Council's failure to act in the social policy sphere in recent years has led the Commission to submit only non-binding proposals or proposals it was legally required to submit. The Council's inaction can be explained by the fact that proposals concerning social policy and the labour market had as their legal basis Articles 100 or 235 of the Treaty, which required unanimity. As several Member States felt that social policy issues could be settled more easily by the social partners or at national level, it was often

difficult to secure unanimity. The Single European Act, which contains provisions modifying the decision-making procedure, came into force in July 1987. As a result, in the social sphere, the Treaty has been given a new Article 118a stipulating that the Council may act by a qualified majority in adopting decisions with the purpose of 'encouraging improvements, especially in the working environment, as regards the health and safety of workers'. The Committee on Social Affairs and Employment and the European Parliament have, on a number of occasions, stressed that this article was vague both in wording and scope and raised problems of interpretation. Parliament hoped that the article would not be interpreted in too restrictive a manner, and that the Commission would change the legal basis of a series of proposals pending in the Council for some years. In a resolution of 9 April 1987 on the application of the procedures laid down by the Single Act to Commission proposals pending in the Council(2) Parliament proposed that proposals for directives on voluntary part-time work, parental leave, temporary employment and fixed-duration contracts of employment should be based on Article 118a rather than on Article 100. The Committee on Social Affairs is drawing up a report on the notion of the working environment and the field of application of Article 118a.

I. EMPLOYMENT AND CONDITIONS ON THE LABOUR MARKET

1. Paid educational leave

Under the terms of Convention No. 140 (1974) of the International Labour Organization (ILO), paid education leave (PEL) is time off granted to an employee to enable the latter to attend an educational course during a specified period within working hours with payment of adequate financial compensation. Five member countries have ratified the Convention, but only three Member States, Belgium, France and Italy, have laid down more or less extensive rules on PEL. On 20 May 1987 the Committee on Social Affairs and Employment adopted a draft report on this topic(3). On the basis of this report, on 16 October 1987 the European Parliament adopted a resolution on paid educational leave(4) calling on the Member States to ratify the ILO Convention. In addition, Parliament went further than the ILO by considering that the opportunity to benefit from PEL should be extended to include people without jobs. It proposed the phased implementation of PEL which would be determined in tripartite consultations, agreements between the social partners being preferable to new legislation. In conclusion, the Commission was requested to conduct a study of the legal aspects of PEL and to submit a recommendation on the topic before the end of 1989.

2. Payment of family allowances to migrant workers from Member States

In 1986, in Case 41/87 (Pinna Case)(5), the Court of Justice of the European Communities declared invalid the special system for the payment of family allowances in force in France since 1971. Based on Article 51 of Regulation (EEC) No. 1408/71 of 14 June 1971, this special system provided for the payment by France of family allowances to family members residing in their country of origin at the rate applied in that country, whereas the other Member States paid the rate of the host country. On many occasions the European Parliament had come out in favour of a uniform system. In February 1988 the Commission submitted a proposal under the terms of which the criterion of residence would no longer be taken into account when granting family allowances to members of workers' families(6). On 13 April 1988, on the basis of a report drawn up on behalf of the Committee on Social Affairs and Employment(7), the European Parliament adopted the Commission proposal by a large majority(8).

3. Specific Community programme of accompanying social measures to assist workers in the shipbuilding industry

The world shipbuilding industry has been in deep recession since 1976, and currently there are no signs of improvement. The countries of the European Community are also severely affected. In a communication(9) the Commission estimated that of a total of around 107 000 jobs in the industry at the beginning of 1986, 44 000 would be under serious threat in the period 1987-1989. The Commission communication covered three topics: (1) industrial aspects; (2) regional policy problems (RENAVAL programme); (3) accompanying social programme, overall budget for the period 1988-1990: 71.5 m ECU. The Committee on Social Affairs and Employment drew up a report on the above programme(10). On the basis of this report, the European Parliament adopted a resolution on the Commission proposal on 16 June 1988(11). Parliament took the view that the Commission proposal was neither sufficiently precise nor adequately geared to the future. Rather than merely restructuring the industry by means of redundancies, the Commission was urged to draw up proposals to create replacement jobs in the regions affected. By the same token, workers made redundant or threatened with redundancy should be able to take in-service vocational training courses or retrain.

4. Social dimension of the internal market

The undertaking given to create the conditions required for the completion of the internal market by 1992 implies a recognition of the need to restructure the labour market, a process which could and should take place simultaneously. If the trend towards social decline threatening the labour market is to be arrested or reversed, the internal market must be given a social dimension. Taking the view that the Community institutions had until then paid scant regard to the social dimension of the internal market, the Committee on Social Affairs held a meeting on these problems, from 25 to 27 January 1988 in Brussels, with the chairmen of the corresponding committees of the various national parliaments. The conference was dominated by one idea: 'Economic and social cohesion is a sine qua non for balanced growth in the European Community. The establishment of common social area is an integral part of the European internal market. What is required is the creation of a genuine, integrated internal market in which workers can move freely across existing national frontiers. There are, indeed, considerable divergences between the different Member States in the situation of employees, in the level and the nature of social protection and in the way in which relations between employers, employees and the state are organized. This gives rise to serious distortions of competition between undertakings in the Community. Hence, and within the meaning of Article 117 of the Treaty of Rome, between now and 1992 considerable headway must be made towards bringing about an increasingly unified labour market'(12). The members of the Committee on Social Affairs plan to organize annual working meetings with the chairmen of the corresponding committees of the national parliaments in order to take stock of the latest trends in the social and labour spheres. It was also decided to hold a conference on the European social area to be attended by representatives of the various Community institutions, national parliaments and the social partners. This will take place in November 1988 in Brussels.

II. THE EUROPEAN SOCIAL FUND

1. Special report of the Court of Auditors

In recent years, the European Parliament has pointed out in a number of resolutions that the European Social Fund (ESF) was not working satisfactorily (see, in particular, OJ No. C 255/1986, p. 65 and OJ No. C 99/1987, p. 195). In a special report on the management of the ESF (OJ No. C 126/1988), the Court of Auditors of the European Communities endorsed Parliament's views on a number of points. It took the view that the dispersion of ESF resources among

an excessive number of objectives made the Fund ineffective given the relatively low level of appropriations allocated to it (4% of total public expenditure in the Member States on social assistance). It also criticized the fact that the Community did not develop its own activities, but operated almost exclusively by granting financial aid to programmes funded by national governments. It also deplored the lack of systematic evaluation by the Commission of projects co-financed by the ESF. The on-the-spot monitoring carried out by the Commission was inadequate because it relied on the certification provided by the Member States, which were equally lax in monitoring expenditure. In addition, each Member State interpreted certain vague Community rules in a different way. Finally, the report stressed that the criteria for ESF operations to aid the various social groups were not based on cost-benefit analyses of the alternatives to the current policy.

2. Guidelines for the management of the ESF in the financial years 1989-1991

Given that applications for the financial years 1989 to 1991 would be made before the adoption by the Council of the regulation concerning the tasks of the structural funds and their efficiency (see below), on 4 May 1988 the Commission decided to extend for one year the guidelines adopted for the financial years 1988 to 1990(13), a decision welcomed by the Committee on Social Affairs and Employment.

3. Reform of the structural funds

In August 1987, pursuant to Article 130d of the Single Act, the Commission submitted a comprehensive proposal reforming the structure and operating rules of the three structural Funds(14). Following the adoption of this framework regulation, the Commission was to submit specific proposals for each fund. In this context, it should be pointed out that in February 1988 the European Council fulfilled a wish expressed repeatedly over many years by the European Parliament by deciding to double from their 1987 level, by the end of 1993, the commitment appropriations allocated to the structural funds. The purpose of this reform is to improve the efficiency of the Community structural funds by means of better pluriannual management, the concentration of aid helping to achieve five priority objectives: (1) helping structurally backward regions to catch up; (2) assisting conversion in declining industrial regions; (3) combating long-term unemployment; (4) placing young people in jobs; (5) assisting the adjustment of agricultural structures and the development of rural areas. The reform should come into force on 1 January 1989.

The four European Parliament committees responsible in this field, the Committee on Social Affairs and Employment, the Committee on Regional Policy and Regional Planning, the Committee on Agriculture, Fisheries and Food and the Committee on Budgets drew up a joint report on the proposal(15), on the basis of which the European Parliament adopted, on 19 November 1987, a resolution and certain amendments modifying the Commission proposal(16).

With regard to Article 10 of the Regulation, which covers the combating of long-term unemployment (Objective No. 3) and placing young people and women (Parliament addition) in jobs (Objective No. 4), in the six months following the entry into force of the implementing provisions the Member States shall submit to the Commission their plans which shall include information on employment policy, the labour market and vocational training implemented at national level and an updated analysis of unemployment trends. Although satisfied with the Commission's response to its request for multiannual programmes to aid the long-term unemployed and young people, the European Parliament did spell out that in each Member State the regional and local authorities should work with the national authorities and the Commission in establishing the Community support framework for the attainment of objectives Nos. 3 and 4.

In April 1988 the Commission submitted an amended proposal(17). The four above-mentioned committees responsible drew up a report(18), on the basis of which the European Parliament adopted a resolution on 20 May 1988(19). With regard to Article 10 (objectives Nos. 3 and 4), in its amended proposal the Commission had accepted Parliament's view on one point, making provision for the participation of regional authorities in the decision-making process.

III. IMPROVEMENT OF LIVING AND WORKING CONDITIONS

1. Social accounts

In countries with a market economy and in the twelve Member States, undertakings have, in addition to their economic role, social responsibilities towards their workers and society, and all the Member States have issued laws obliging undertakings to provide information in the social sphere. However, France and Portugal are the only Community countries where there is a legal obligation on undertakings with more than a set number of employees to submit social accounts covering, in particular, vocational training, job security and indicators dealing with work and pensions. On the basis of a report drawn up

on behalf of the Committee on Social Affairs and Employment(20), on 9 July 1987 the European Parliament adopted a resolution on social accounts(21). Parliament took the view that the publication of social accounts would enable data to be compared for the purpose of rationalizing the social management and equal rights policies of enterprises. It requested the Commission, therefore, to carry out by June 1988 a detailed study envisaging the possibility of designing a standard European social balance sheet that takes account of existing European regulations and will enable the data to be used directly by the Community institutions as they work towards the completion of the internal market in 1992.

2. Vocational rehabilitation and economic and social integration of people with disabilities

The first action programme promoting the social integration of people with disabilities was drawn up in 1983 on the basis of a Council Resolution of 21 December 1981. In July 1987 the Commission submitted a proposal for a second action programme (HELIOS)(22) designed to continue and expand the first programme.

On 29 September 1987 the Committee on Social Affairs and Employment held a public hearing to which a range of European organizations representing the disabled were invited, thus giving them an opportunity to assess the first action programme. The report of the Committee on Social Affairs(23), the amendments tabled by the European Parliament and its resolution of 16 October 1987 on the Commission proposals(24) were prompted by the findings of this hearing. The European Parliament wished to ensure effective coordination between the Social Fund and the second action programme. In addition, Parliament called on the Commission to propose, in 1988, policy directives concerning the mobility of disabled people including transport, the accessibility of public buildings, housing and independent living, and to implement a programme of research for the development of technical resources to improve communication and mobility. In November 1987 the Commission modified its proposal, incorporating certain amendments tabled by the European Parliament(25).

It should also be mentioned that on 16 September 1987, on the basis of a report drawn up by the Committee on Transport, the European Parliament adopted a resolution on the transport of elderly and disabled people(26).

3. Costs of interpretation and translation in labour courts

A few years ago, the government of the Federal Republic of Germany suggested to the other Member States and eight third countries that a regulation be laid down stipulating that the host country would meet the interpretation and translation costs incurred by migrant workers in labour courts. However, this initiative prompted only the conclusion of a small number of bilateral agreements. In August 1986 the Bundestag called on the European Parliament to lobby for the adoption of Community rules in this field. On the basis of a report drawn up on behalf of the Committee on Social Affairs and Employment(27), on 16 October 1987 the European Parliament adopted a resolution calling on the Commission to draw up a draft uniform regulation on translation and interpretation costs in labour courts(28). Pointing out that it was, in general, an essential principle of industrial relations law that recourse to the courts should be free of charge, Parliament took the view that this principle should be extended to cover the costs of interpretation and translation, as is the case in criminal courts, so that these should not have to be borne by migrant workers.

- (1) OJ No. C 335/1987
- (2) OJ No. C 125/1987, p. 137
- (3) Doc. A 2-123/87
- (4) OJ No. C 305/1987, p. 153
- (5) OJ No. C 39/1986
- (6) COM(88) 27
- (7) Doc. A 2-9/88
- (8) OJ No. C 122/1988
- (9) COM(87) 275
- (10) Doc. A 2-26/88
- (11) Minutes of the proceedings of the sitting of the EP, 16.6.1988, PE 123.525
- (12) Summary of the conclusions of the meeting - PE 119.346
- (13) OJ No. L 143/1988, p. 45
- (14) COM(87) 376 final/2
- (15) Doc. A 2-205/87
- (16) OJ No. C 345/1987, p. 139
- (17) COM(88) 144
- (18) Doc. A 2-58/88
- (19) OJ No. C 167/1988
- (20) Doc. A 2-74/87
- (21) OJ No. C 246/1987, p. 77
- (22) COM(87) 342
- (23) Doc. A 2-156/87
- (24) OJ No. C 305/1987, p. 156
- (25) COM(87) 544
- (26) OJ No. C 281/1987
- (27) Doc. A 2-146/87
- (28) OJ No. C 305/1987, p. 159

PUBLIC HEALTH AND HEALTH AND SAFETY AT WORKA. NUCLEAR ACCIDENTS AND RELEASE OF RADIOACTIVITY

Parliament continued to be exercised by the problem of nuclear safety and public anxiety regarding accidents at nuclear facilities.

On 8 July 1987 Parliament adopted a Resolution on recent nuclear accidents in the European Community, in which, referring to various accidents which could have potentially disastrous consequences for public health (Sellafield in Britain and Cattenom on the French border with Luxembourg figured prominently in the public mind), it called upon the Commission, Council and Member States to reactivate aspects of the EURATOM Treaty and ultimately to amend it, using the Single Act procedure, to extend Community powers in the field of nuclear safety. Parliament also repeated its call for a Community nuclear inspectorate(1).

The echoes of Chernobyl continued to reverberate as Parliament contested the legal base of the Commission proposal for maximum permitted levels of radioactivity in foodstuffs, drinking water and animal feed. In a Resolution of 8 April 1987 Parliament had asked the Commission to propose harmonized rules to avoid the disruption of trade which occurred when Member States imposed widely varying restrictions after the Chernobyl accident. The Commission put forward proposals based on Article 31 of EURATOM. Parliament disputed the legal base and asked for the use of Article 100A of the EC Treaty to be used instead. As well as being, logically, the natural basis for legislation concerning trade in the Single Internal Market, Article 100A would automatically involve the second reading and qualified majority vote in the Council introduced by the Single European Act (SEA)(2).

Parliament also gave its opinion on a Commission proposal for a Community system of rapid exchange of information in case of abnormal radioactivity levels, for which Parliament had campaigned after the confusion following the Chernobyl accident(3).

In December 1987, Parliament adopted a Legislative Resolution rejecting the Commission proposal for maximum permitted radioactivity levels(4), since the Commission had not accepted Parliament's demand for a change of legal base to Article 100A and the Council on 22 December adopted a Regulation based on EURATOM Article 31. The Regulation did not adopt the much more stringent limits on radionuclides proposed by Parliament, but without the focusing of public concern at Community level by Parliament, it is doubtful whether a decision at Community level would have been adopted at all.

Also in December 1987, Parliament approved a Commission proposal for a revision of the programme of research in the field of radiation protection(5).

In April 1988, Parliament adopted a Legislative Resolution approving the Commission proposal for a Council decision to extend the remit of the 'Advisory Committee on Safety, Hygiene and Health Protection at Work', to include radiation protection(6).

B. HEALTH AND SAFETY AT WORK

In a Legislative Resolution (first reading; cooperation procedure), Parliament gave its Opinion on a Commission proposal for a directive on the protection of workers from exposure to benzene (fifth individual directive under Directive 80/1107/EEC). The Commission had already agreed to modify the legal base of the proposal from Article 100 (EEC) to Article 118A (SEA), thus invoking the cooperation procedure. In its Opinion, Parliament generally welcomed the proposal, but adopted a number of amendments aimed at tightening-up the Commission text(7).

In February 1988, referring to the aim of completion of the internal market by 1992, Parliament adopted four Resolutions concerning safety and health protection at work(8). In the first of these, Parliament, citing Article 118A (SEA) which introduces the term 'working environment', called on the Commission to submit binding provisions on the assessment of health risks, the establishment of upper limits for exposure to dangerous substances and the measurement of concentrations of such substances at work. In addition, Parliament called for proposals for preventive and protective measures for carcinogenic substances.

In its second Resolution, Parliament evoked a 'social dimension' to the completion of the internal market and cited Articles 117 and 118A (SEA) of the Treaty whereby harmonized basic standards for safety and health at work must

be introduced at Community level without leading to a reduction of existing standards. Parliament thus called on the Commission to draw up a programme of specific measures for improvement of health and safety of workers, and called further for a wide interpretation of Article 118A (SEA) to include working conditions as a whole, safety and consultation machinery for workers themselves.

The third and fourth Resolutions expressed concern with regional and Member State disparities in safety and health standards and the possible effect of 'social dumping', or enterprises moving to locations where the social costs of protection of workers are lowest. Both Resolutions called on the Commission to ensure uniform standards for assessment of safety at work, and to provide assistance to small and medium-sized undertakings to enable them to fulfil health and safety requirements. As well as calling on the Commission to produce a framework directive, the Resolutions urged rapid adoption of the benzene and asbestos directives. In March, the Commission presented proposals for a framework directive on health and safety at work, together with 6 'daughter' directives, based on Article 118A (SEA) (9).

In March, Parliament gave a second reading, under the cooperation procedure, to the proposal for a directive on the protection of workers by the banning of certain specified agents and/or certain work activities and approved the Common Position of the Council (10).

Another second reading approval was given by Parliament in April to the proposal for a directive to regulate good laboratory practice (11).

In May, Parliament gave its Opinion (first reading; cooperation procedure) on a Commission proposal for a directive amending Directive No. 80/1107/EEC on the protection of workers from exposure to chemical, physical and biological agents at work, adopting many amendments to the Commission's text (12).

C. DRUG ABUSE

In December 1987, Parliament adopted four Resolutions on drug abuse (13).

The four Resolutions expressed concern over different aspects of the drug abuse problem - the simplification and ultimate elimination of frontier checks and controls within the EC single market; the emergence of synthetic, rather than plant-derived drugs; and the social damage caused by an apparently unstoppable increase in drug-taking. Worried by the introduction of extremely

addictive drug variants such as 'crack' and the targeting of Western Europe by drug dealers, Parliament called for substantial increases in police and customs cooperation, stressing intelligence gathering in order to avoid an increase in drug penetration of a 'frontier-free' Europe. Parliament also expressed concern over the increased abuse of tranquillizers and barbiturates, and deplored the increase in illegal exports of these drugs from Europe to developing countries.

D. PHARMACEUTICALS AND MEDICINES

In October 1987, Parliament adopted a Resolution on the role of natural medicines(14) (phytopharmaceuticals). In its Resolution, Parliament called for the control and regulation of the use of such preparations, to put them on the same footing as regular pharmaceuticals and to prevent discrimination by social security/health insurance against plant medicines.

In March 1988, Parliament put forward amendments in a Legislative Resolution (first reading)(15) to a Commission proposal for a directive on the pricing of medicinal products. Parliament showed concern over the wide disparities in price within the EC for the same medicinal product, and suggested that the disparities could be greatly reduced by approximating the VAT rates applied and by free movement of medicinal products within the EC. The Commission proposal, which Parliament, in its amendments, intended to reinforce, envisages greater transparency in pricing mechanisms for pharmaceutical products.

E. PUBLIC HEALTH

In October 1987, Parliament approved, in a second reading under the cooperation procedure, the Common Position of the Council on a decision for an EC R&D coordination programme in the field of medical and health research (part of the research and technology framework programme 1987-1991). The programme includes research into cancer and AIDS, radiation risks and age-related, environment and lifestyle health problems, as well as improvement of use of health resources.

In February 1988, Parliament adopted a Resolution on stepping up action against smoking(16). In its Resolution, Parliament expressed alarm over the established links between tobacco consumption and a series of diseases and health damage, and the fact that tobacco is suspected of causing up to two million deaths per year. In a long and complex text, Parliament drew

attention to the dangers of passive smoking, the 'peer-group' and media pressure to take up smoking and the economic inertia of the tobacco trade. It supported the campaign against tobacco proposed as part of the 'Europe Against Cancer' programme, and underlined its opposition to tobacco-smoking 'alternatives' such as chewing tobacco.

Parliament also called for an education programme for young people in particular, a ban on the sale of tobacco to under 16s in the EC and consideration to be given to a ban on cigarette machines. Further proposals put forward were a reduction of tobacco imports by tax and quota manipulation, the increased provision of non-smoking areas in public places, a reduction of tar yield in tobacco products, the replacement of tobacco crops with substitutes and a complete ban on tobacco advertising through sponsorship of musical or sporting events.

In a Legislative Resolution(17) during the same session, Parliament approved (subject to amendment) the Commission proposal for the adoption of an action plan 1987-1989 on information to the public and training of the health professions in the context of the 'Europe Against Cancer' programme.

In March 1988 Parliament, with particular reference to Council Directive 80/778/EEC on the quality of water for human consumption, adopted a Resolution on lead in drinking water(18). In its Resolution, Parliament noted that Member States had not fully implemented the provisions of the Directive and that a number of cases before the Court of Justice had been brought against Member States by the Commission. Parliament condemned Member States for recalcitrance in this matter and called on the Commission to use all measures at its disposal to enforce compliance with the Directive. In particular, Parliament called for a stricter policy with regard to derogations from the Directive and more rapid replacement of all lead piping in domestic water supply systems. In addition, noting that radioactive contamination of ground-water supplies had occurred following the Chernobyl accident, Parliament called for regular measurement of radioactivity in water supplies.

- (1) OJ No. C 246, 14.9.1987
- (2) COM(87) 281 final; Doc. A 2-154/87; OJ No. C 305, 16.11.1987
- (3) COM(87) 135 final; Doc. A 2-177/87; OJ No. C 318, 30.11.1987
- (4) COM(87) 281 final; Doc. A 2-178/87; OJ No. C 13, 18.1.1988
- (5) COM(87) 332 final; Doc. A 2-240/87; OJ No. C 13, 18.1.1988
- (6) OJ No. C 111, 25.4.1987; Doc. A 2-12/88; OJ No. C 122, 9.5.1988
- (7) COM(87) 669 final; Doc. A 2-97/87; OJ No. C 281, 19.10.1987
- (8) OJ No. C 68, 14.3.1988
- (9) COM(88) 73 final; COM(88) 74 final; COM(88) 75 final; COM(88) 76 final;
COM(88) 77 final; COM(88) 78 final; COM(88) 641 final
- (10) OJ No. C 270, 10.10.1984; Doc. A 2-2/88; OJ No. C 94, 11.4.1988
- (11) COM(86) 698 final; Doc. A 2-51/87; OJ No. C 122, 9.5.1988
- (12) COM(87) 535 final; Doc. A 2-57/88; OJ No. C 167, 6.1988
- (13) OJ No. C 13, 18.1.1988
- (14) Doc. A 2-90/87; OJ No. C 305, 16.11.1987
- (15) COM(86) 765 final; Doc. A 2-291/87; OJ No. C 94, 11.4.1988
- (16) Doc. A 2-273/87; OJ No. C 68, 14.3.1988
- (17) OJ No. C 87, 5.4.1982; Doc. A 2-263/87; OJ No. C 68, 14.3.1988
- (18) Doc. A 2-206/87; OJ No. C 94, 11.4.1988

CONSUMER PROTECTION**A. TOY SAFETY**

In July 1987, Parliament adopted a Legislative Resolution embodying its opinion on the Commission proposal for a directive on the safety of toys(1). This latest proposal on toy safety was based on Article 100A of the Single European Act (SEA) 'creation of the internal market' conforming with the new approach to technical harmonization and standards. Amendments proposed by Parliament were principally designed to tighten up the proposals and to simplify control procedures. Parliament also sought a ban on toys which operate on mains electrical supplies or use heating elements. In March 1988, Parliament adopted a Decision (second reading under the cooperation procedure) amending Council's Common Position on the proposal. In its Decision, Parliament modified the Council's text to stipulate that warnings and precautions be depicted using internationally-understood pictograms rather than text and amended the article concerning combustibility of toys to stipulate that they should also not give off toxic fumes when heated.

B. FOODSTUFFS

In September 1987, Parliament adopted its Opinion on the Commission proposal for a directive laying down the health rules for fresh meat and the level of inspection fees to be charged(2). This latter point was significant in that some Member States employ veterinarians and others use government inspectors. In November 1987, Parliament adopted a Legislative Resolution (cooperation procedure, first reading), embodying its Opinion on the Commission proposal for a directive on the official inspection of foodstuffs(3).

In a second reading (cooperation procedure) Parliament, in February 1988, amended the Common Position of the Council on the Commission proposal for a directive on extraction solvents used in foodstuff production(4). In its Decision, Parliament stipulated that the provisions of the directive be reexamined after two years rather than three and that any amendments be proposed in accordance with Article 100A (SEA) rather than Article 100.

During the February session, Parliament also concentrated on the vexed question of hormones in foodstuffs, particularly in meat, and adopted a Resolution on the ban on hormones and another Resolution on the ban on hormones in meat(5). Both Resolutions concerned the EC ban (Directives 81/602 and 85/649/EEC) on the use of substances having a hormonal action. On 18 November 1987, the Council had adopted a Decision on transitional measures for the feeding of these substances to farm animals(6), since it was evident that, not only were the existing Directives being widely ignored within the EC, but imports of hormone-treated meat from non-EC countries were unaffected. As a result of what Parliament regarded as inadequate consultation by the Commission on the wider trade aspects of a ban, retaliatory action was threatened by EC trading partners (in particular, the USA). As a result, the Distrivet Company (meat importers) challenged the legality of the Council Decision of November 1987 before the Court of Justice. The Court rejected Distrivet's submission.

Parliament's first Resolution therefore condemned the Commission for not having communicated earlier to Parliament the difficulties it encountered in implementing the Directives, and also for not having taken into account the wider trade aspects or repercussions of a ban on hormones in meat. The Resolution, in addition, welcomed the Court of Justice decision and requested trade partners such as the USA to recognize the EC's right to protect its consumers and not to take trade reprisal measures. The second Resolution regretted the action of the Council in postponing the implementation of the hormone Directives by agreeing transitional measures and insisted that no further 'slippage of the deadline' take place. The adoption of the two Resolutions highlighted the problem of implementation of Directives adopted as a result of public and political pressure, and in spite of grave misgivings by some Member States as to the consequences of a ban. The result was a widespread flouting or disregard of the Directives.

On 9 March 1988, Parliament adopted a Decision (cooperation procedure, second reading), amending the Council's Common Position on a proposal for a directive on flavourings used in foodstuffs and source materials for their production(7). Parliament's amendments firstly sought to circumscribe the power of the Commission to introduce technical amendments to EC legislation via the Standing Committee for Foodstuffs, thus denying Parliament the opportunity to give its opinion. Parliament's amendments also added a descriptive nomenclature to flavourings, dividing them into 3 categories: natural flavourings, nature-identical flavourings and artificial flavourings. In addition, Parliament sought to reduce the maximum allowable content of arsenic from 3 to 2 mg/kg; of lead from 10 to 5 mg/kg and of cadmium and

mercury from 1 to 0.5 mg/kg. Other amendments were intended to ensure that the Commission, if proposing to amend the quantities specified in the technical annexes by more than a prescribed percentage, should use Article 100A (SEA), thus automatically involving the cooperation procedure. Parliament's emphasis on procedural detail emphasized the fear that significant changes to EC legislation of a technical nature could be introduced via the Standing Committees, without Parliament's knowledge or approval.

Parliament also adopted a Legislative Resolution approving the Commission Proposal for a Council Decision on the SHIFT project(8) - a system for the health control of imports (particularly food) from third countries at frontier inspection posts. In the context of the single internal market of 1992, control of imports at the Community's external frontiers is of vital importance to consumers.

In April 1988 Parliament approved, in a Legislative Resolution, a Commission proposal to amend Directive 79/693/EEC on fruit jams and similar preserves(9) and gave its Opinion on a proposal to amend Directive 75/726/EEC on fruit juices and certain similar products(10).

In June 1988, Parliament gave its opinion (first reading; cooperation procedure) on a Commission proposal for a directive on health problems affecting egg products(11).

C. NON-FOODSTUFFS

In October 1987, Parliament adopted a Legislative Resolution, under the cooperation procedure (Article 100A) embodying its opinion on a Commission proposal for a directive on classification, labelling and packaging of dangerous preparations(12). While welcoming the proposal for a directive in this area, Parliament called upon the Commission to incorporate its many amendments, the thrust of which concerned protection of the environment as well as consumers, and precise determination of toxological properties, taking into account the effects of synergism and potentiation where mixtures of substances are involved. In addition, Parliament included an amendment stipulating 'spot-checks' by national authorities. In the case of dangerous preparations in domestic use, Parliament stipulated child-resistant fittings for containers, as well as safety warnings. Council adopted a Common Position in December 1987 taking into account most of the amendments put forward by Parliament, and in April 1988 Parliament gave its agreement to the Council's Common Position.

In April 1988, Parliament also gave its opinion (first reading, cooperation procedure) on the Commission proposal to amend Directive 76/768/EEC on cosmetic products(13). In particular, Parliament wanted individual Member States to be allowed to introduce more stringent measures in the interests of consumer safety, than those set out in the Directive, which establishes rules for the labelling and packaging of cosmetic products.

In May Parliament approved, without amendments, the Common Position of the Council (second reading; cooperation procedure) for a directive amending Directive 75/106/EEC on the making-up by volume of certain prepackaged liquids(14).

D. PRICE LABELLING

Two Decisions were adopted in May (cooperation procedure; second reading) on the indication of prices to the consumer. In both cases Parliament approved, without amendment, the Council's Common Position. The first concerned the indication of prices of non-food products(15), and the second the indication of prices of foodstuffs(16).

- (1) COM(88) 220 final; Doc. A 2-87/87; OJ No. C 246, 14.9.1987
- (2) COM(86) 576 final; Doc. A 2-108/87; OJ No. C 281, 19.10.1987
- (3) COM(86) 747 final; Doc. A 2-180/87; OJ No. C 345, 21.12.1987
- (4) COM(83) 626 final; Doc. A 2-278/87; OJ No. C 68, 14.3.1988
- (5) OJ No. C 68, 14.3.1988
- (6) OJ No. L 339, 1.12.1987
- (7) COM(82) 166 final; Doc. A 2-326/87; OJ No. C 94, 11.4.1988
- (8) COM(87) 207 final; Doc. A 2-300/87; OJ No. C 94, 11.4.1988
- (9) COM(86) 613 final; Doc. A 2-331/87; OJ No. C 94, 11.4.1988
- (10) COM(86) 688 final; Doc. A 2-330/87; OJ No. C 94, 11.4.1988
- (11) COM(87) 46 final; Doc. A 2-59/88; OJ No. C 187, 18.7.1988
- (12) COM(87) 633 final; Doc. A 2-169/87; OJ No. C 318, 30.11.1987
- (13) COM(87) 156 final; Doc. A 2-335/87; OJ No. C 122, 9.5.1988
- (14) COM(86) 653 final; Doc. A 2-33/88; OJ No. C 167, 27.6.1988
- (15) COM(87) 160 final; Doc. A 2-48/88; OJ No. C 167, 27.6.1988
- (16) COM(87) 160 final; Doc. A 2-48/88; OJ No. C 167, 27.6.1988

ENVIRONMENTAL POLICY1. General observations

The most significant event during the period under consideration was the European Year of the Environment (EYE) held between 21 March 1987 and 20 March 1988.

Parliament's warning that it should not merely be a 'year of declarations and pronouncements'(1) can with hindsight be seen to be unfounded (or almost) when we consider the achievements of the Year of the Environment.

A large number of projects, campaigns, exhibitions, conferences and initiatives met with success both at Community and national level.

The fact that the whole range of objectives set by Parliament were not achieved in all the Member States can be explained by the differing levels of awareness of environmental problems in the various countries. In some countries it was a matter of meeting the expectations of a population acutely aware of such problems whilst in others intensive campaigns had to be organized to make people aware of the problems of environmental protection, particularly in the newer Member States of the European Community.

Since the entry into force of the Single European Act in 1987, ecological imperatives have become an integral part of the other spheres of Community policy and the common environmental policy now has rules governing it in the Treaties on which effective measures at Community level can be based.

In the context of the action programme carried out to mark EYE, a number of projects were implemented at European level with the collaboration of environmental protection organizations, trade unions and, partly, industry, and were successfully completed thanks to widespread participation. For example, we should mention two particular projects, the 'European Blue Flag', a seal of approval awarded to clean beaches and the 'partnership of protected natural areas'. If they are to be continued after the European Year of the Environment these measures will require better incorporation of Community directives into national law (quality of bathing water, protection of wild birds, etc.).

The media, whose participation was otherwise somewhat disappointing, devoted special attention to the cruise by the 'Amerigo Vespucci' the Italian navy's training ship which dropped anchor at various ports in the Member States as part of a successful campaign to make the general public aware of the need to safeguard the sea.

The success of numerous projects and initiatives arouses the hopes that others may be carried out in future. The European Year of the Environment may therefore be considered as a starting point for a permanent long term European environmental policy.

On 19 October 1987 the Council adopted a resolution on the continuation and implementation of a European Community policy and action programme on the environment (1987-1992) (2). This resolution stresses the importance attached by the Community to the polluter pays principle, the integration of environmental policy in the Community's other policies, the improved management of resources, international activities and the development of appropriate instruments for Community action, all in the light of the Single European Act.

On 23 July 1987, the Council adopted a regulation on action by the Community relating to the environment(3). This regulation contains provisions allowing the Community to grant financial support to projects of Community interest in the field of environmental protection and if appropriate, the management of natural resources.

In the context of this regulation, in December the Commission granted financial support worth approximately 1.1 m ECU to projects with the following two objectives: the preservation and rehabilitation of endangered habitats which are of particular importance to the Community, and the protection of wild bird species. The first project concerns the marshy area the 'Marismas de Guadalquivir' (Andalucia) and the second a plan to safeguard the white stork in Bavaria.

2. Water

At its meeting of 16 and 17 June 1988 the Council adopted a directive, after nine years, on limit values for emissions of aldrin, dieldrin and endrin, hexachlorobenzene, hexachlorobutadiene and chloroform. Whilst Parliament had called for a ban on aldrin, dieldrin and endrin, in particular, as of 1 January 1989(4), limit values have now been laid down for the disposal in water of these substances which are mainly used by the textile industry.

On the other hand, proposals regarding water quality objectives for chromium(5) and the dumping of radioactive waste at sea(6) have not yet been adopted.

As a result of the resolution adopted by the European Parliament on the second ministerial conference of North Sea countries(7) in which the Commission of the European Communities, Belgium, France, the Netherlands, the Federal Republic of Germany, the United Kingdom, Denmark, Sweden and Norway took part, the following decisions were taken at the conference:

- a ban on the incineration of pollutants at sea before 1995;
- a ban on the dumping of toxic industrial waste at sea by the end of 1989;
- a 50% reduction in the quantities of nitrates, phosphates and dangerous substances discharged between 1985 and 1995;
- a ban on the dumping of solid waste by ships;
- to limit to the minimum the dumping of radioactive waste.

The algae which appeared in the North Sea and the Baltic in May and June 1988, using up a large proportion of the oxygen contained in the sea and thereby condemning to death many creatures living in the sea, particularly seals, prompted the European Parliament to draw attention in a resolution(8) to the link between the use of fertilizers in agriculture and the eutrophication of water. As a result of this the Council, at its meeting of 28 and 29 June 1988 called on the Commission to submit suitable proposals designed to reduce the use of fertilizers, mainly in agriculture.

The Member States' failure to observe Community law conscientiously as far as water and air pollution are concerned, was the subject of two resolutions adopted by Parliament on the basis of own-initiatives reports(9). It is absolutely essential for Community law to be applied uniformly in all Member States if the environment is to be protected effectively.

3. Air pollution

After a preparatory phase spread over several years, the Council managed to reach a consensus on large-scale combustion plant at its meeting of 16/17 and 28/29 June 1988 under the German presidency. It plans to reduce emissions of sulphur (SO₂) from existing plant in three stages (1990, 1998 and 2003) and emissions of nitrogen oxide (NO_x) in two stages.

Stricter standards will be applied for SO₂ and NO_x for new plants. An exception was made for Spain as regards the use of indigenous fuels(10).

On 3 December 1987 the Council adopted two directives on measures to be taken against air pollution by gases from the engines of motor vehicles (motor cars)(11) and against the emission of gaseous pollutants from diesel engines for use in vehicles(12).

At their meeting of 16/17 June 1988 the Environment Ministers set limit values for the emission of particles from motor cars equipped with diesel engines. In accordance with this decision taken in agreement with the European Parliament, emissions must not exceed 1.1 g/test as of 1 October 1989 for new models and 1.4 g/test for new vehicles of series already in production, as of 1 October 1990.

A decision should be taken by the end of 1989 to set the limit values for the second stage of the reduction of polluting emissions, the aim being to reach a maximum value of 0.8 g/test taking into account technical and economical possibilities at the time.

On 21 July 1987 the Council of Ministers(13), having received the approval of the European Parliament(14), decided to withdraw from sale all normal leaded petrol in the Member States; the Federal Republic of Germany and Luxembourg banned the sale of normal leaded petrol on their territory as of 1 January 1988 and 1 July 1988 respectively.

At their meeting of 16/17 June 1988, the Environment Ministers decided to ratify the Vienna Convention (1985) and the Montreal Protocol (1987) on the protection of the earth's ozone layer. As a result, the Member States are now obliged to reduce by half their production of chlorofluorocarbons (CFCs) within the next ten years.

4. Dangerous substances

On 3 December 1987 the Council adopted a regulation concerning exports from and imports into the Community of certain dangerous chemicals(15). This regulation establishes a common system of notification and information applicable to all chemicals which are banned or severely restricted on account of their effects on human health or the environment. The Commission's initial proposal had been amended at Parliament's suggestion(16).

5. Waste

In June 1987 Parliament adopted a resolution(17) on the waste disposal industry and old waste dumps. It calls for harmonization of systems of statistics on waste, clarification of the Community definition and nomenclature of dangerous waste, the development of a long-term Community strategy, the organization of campaigns to increase the awareness of the public, waste producers and workers and improved safety procedures covering the transport of dangerous waste.

The discovery in certain third world countries of sites used to store waste, some of which was highly toxic and originated in Member States of the European Community, was the subject of a resolution adopted by the European Parliament(18) which stipulates that exports of this kind of waste may not be authorized except under certain very specific conditions. This matter was raised at the meeting of the Council of Ministers on 16/17 and 28/29 June 1988. The Commission was called upon to submit a proposal for the drawing up of an international convention and to tighten up Community legislation.

6. Fauna and flora

During the period under consideration the Washington Convention (CITES) was amended(19). The amendments concern Annex 1 which lists the animal and plant species trade in which is regulated by the provisions of the Convention on International Trade in Endangered Species of Wild Fauna and Flora.

In the context of the Bonn Convention, it was decided to set up a guarantee fund of approximately 26 000 ECU financed by Community appropriations and designed to ensure the conservation of migratory wild animal species.

At its sitting of 18 September 1987, the European Parliament adopted two resolutions, one on the protection of the environment and wild life in Antarctica and the other on the economic significance of Antarctica and the Antarctic Ocean(20). In these resolutions Parliament puts forward the argument that it is in the Community's interest not to change the situation brought about by the Antarctic Treaty which will come up for review in 1991. The Member States which have not yet become parties to the Antarctic Treaty should decide to do so, as should the Community. In the second resolution Parliament considers that the rich mineral resources of the Antarctic should not be exploited so as to avoid adversely affecting the Antarctic's influence on world climate.

7. International cooperation

On 25 and 26 October 1987 the first ministerial conference devoted to environmental problems was held in the Netherlands, attended by the Member States of the European Community and the EFTA countries. The conference raised questions of common interest such as climatic changes, air pollution, protection of the soil and water, the prevention of ecological disasters and cooperation with Eastern European countries in the sphere of environmental protection. It was agreed to hold meetings of representatives of the administrations of the various countries and Commission officials at least once a year.

On 1 December 1987 the European Community signed a treaty on cooperation with regard to the management of the waters of the Danube Basin with the Federal Republic of Germany and Austria. A steering committee was set up to ensure the implementation of this treaty.

- (1) OJ No. C 68, 24.3.1986
- (2) OJ No. C 289, 29.10.1987
- (3) OJ No. L 207, 29.7.1987
- (4) OJ No. C 122, 9.5.1988
- (5) EP Resolution, OJ No. C 190, 20.7.1987
- (6) EP Resolution, OJ No. C 190, 20.7.1987
- (7) OJ No. C 318, 30.11.1987
- (8) Doc. B 2-509/88
- (9) OJ No. C 94, 11.4.1988
- (10) Council Press Release 6895/88 (Press 90)
- (11) Covered in greater detail in Fact Sheets on the European Parliament and the Activities of the European Community (PE 122.000)
- (12) OJ No. L 36, 9.2.1988
- (13) OJ No. L 225, 13.8.1987
- (14) OJ No. C 190, 20.7.1987
- (15) OJ No. L 155, 22.6.1988
- (16) COM(87) 609 final
- (17) OJ No. C 190, 20.7.1987
- (18) OJ No. C 167, 27.6.1988
- (19) OJ No. L 299, 22.10.1987
- (20) OJ No. C 281, 19.10.1987

REGIONAL POLICY

1. The year was dominated by implementation of the provisions of the Single European Act in regard to cohesion and the structural funds. The Committee on Regional Policy and Regional Planning was given responsibility within the European Parliament for coordinating the Parliament's response to the Commission's proposal for a framework regulation on the tasks of the structural funds and their coordination. This responsibility reflects the fact that the new Title V of Part III of the EEC Treaty on "Economic and Social Cohesion" emphasizes in particular the objective of reducing both disparities between the various regions and the backwardness of the least-favoured regions.

2. The Commission's proposal was transmitted to Parliament by the Council in September 1987(1). A report by the Regional Committee, incorporating the amendments proposed by the Committees on Budgets, Social Affairs and Agriculture was submitted to the plenary session of November 1987 and a resolution adopted on 19 November 1987(2). In the light of the agreements reached at the European Council in Brussels of 11-13 February 1988 and of Parliament's amendments to the text of its proposal, the Commission presented a revised proposal for a regulation in March 1988(3). The Parliament was duly consulted pursuant to Article 130d of the EEC Treaty and the four committees concerned made a joint report which proposed a further series of amendments. The resolution of 20 May 1988 approved the Commission's revised proposal subject to these amendments and reserved the right to open the conciliation procedure should the Council intend to depart from the text approved by Parliament(4).

3. The Council was not able to adopt the framework regulations until 24 June 1988, following a conciliation procedure on 20 June 1988 with the European Parliament's representatives(5). The process of issuing and approving proposals for regulations implementing the framework regulation in regard to each of the structural funds has therefore been considerably delayed. Disagreements in the Council centred on the question of concentration of the funds on priority objectives and the lists of regions eligible to benefit.

4. Parliament had, in fact, already adopted a preliminary resolution on the revision of the regulation governing the European Regional Development Fund (ERDF) on 15 September 1987, laying down guidelines for the Commission(6). This resolution called in particular for greater geographical concentration of resources on the poorest regions of the Community, coordination of national regional policies, Community programmes for industrial regions in decline, emphasis on the supplementary or additional nature of ERDF aid, extension of the powers of the Commission for managing the Fund, more detailed assessment of applications, support for initiatives on tourism, use of ERDF grants to subsidise interest rates on EIB loans, greater involvement of local and regional authorities and a legal basis for integrated operations.

5. Other reports by the Committee on Regional Policy and Regional Planning, which resulted in EUROPEAN PARLIAMENT resolutions during the period under review, concerned the contribution of cooperatives to regional development(7), the regional problems of Ireland(8), the peripheral maritime and island regions of the Community(9), the effects of the competition rules of the EEC Treaty(10), coordination of the structural funds with the lending instruments of the Community(11), regional problems and migratory movements(12), an integrated development programme for Portugal(13), an integrated development programme for the Canary Islands(14), methods of financing under the Community's structural funds(15), preservation of the architectural heritage of Lisbon(16) and participation of the EC in the restoration of the historic centre of Palermo(17).

6. The Committee was also consulted on two proposals from the Commission. The first concerned a Community programme under the ERDF to create and develop business and innovation centres and their network. The Committee's report was debated in the December 1987 plenary session and Parliament's resolution(18) called for amendments in regard to, inter alia, the regions in which this scheme was to operate, the inclusion of cooperatives, links with other local agencies and with other Community initiatives to promote SMEs. The second proposal was for a regulation instituting a Community programme to assist the conversion of shipbuilding areas (RENAVAL). The Committee's report was debated in the June 1988 plenary session and the resolution called for a number of amendments while supporting the main thrust of the Commission's proposal(19). In neither case have the proposals concerned yet resulted in legislation by the Council.

7. Appropriations for commitment under Chapter 50 and 51 (ERDF Operations and Specific Community Measures) of the Budget of the European Community for 1988 amount to 3684 m ECU; appropriations for payments to 2980 m ECU. These figures represent increases of 10% and 19% respectively on 1987. The increase this year reflects the agreement at the European Council of Brussels in February 1988 to double the structural funds by 1993, which provided for an increase of 400 m ECU in commitment appropriations for the three funds in 1988 and of 1300 m ECU for each year from 1989 to 1992.

- (1) COM(87) 376 published in OJ No. C 245, 12.9.1987
- (2) OJ No. C 345, 21.12.1987; GOMES report, Doc. A 2-205/87
- (3) COM(88) 144 of 23.3.1988
- (4) OJ No. C 167, 27.6.1988; GOMES report, Doc. A 2-58/88
- (5) Council Regulation (EEC) No. 2052/88; OJ No. L 185, 15.7.1988
- (6) OJ No. C 281, 19.10.1987; LAMBRIAS report, Doc. A 2-115/87
- (7) Resolution of 9 July 1987, OJ No. C 246, 14.9.1987; AVGERINOS report, Doc. A 2-12/87
- (8) Resolution of 13 October 1987, OJ No. C 305, 16.11.1987; HUME report, Doc. A 2-109/87
- (9) Resolution of 15 September 1987, OJ No. C 281, 19.10.1987; BARRETT report, Doc. A 2-113/87
- (10) Resolution of 15 October 1987, OJ No. C 305, 16.11.1987; HUTTON report, Doc. A 2-114/87
- (11) Resolution of 15 September 1987, OJ No. C 281, 19.10.1987; GIUMMARRA report, Doc. A 2-122/87
- (12) Resolution of 20 November 1987, OJ No. C 345, 21.12.1987; COLUMBU report, Doc. A 2-174/87
- (13) Resolution of 18 December 1987, OJ No. C 13, 18.1.1988; SAKELLARIOU report, Doc. A 2-214/87
- (14) Resolution of 21 January 1988, OJ No. C 49, 22.2.1988; GRIFFITHS report, Doc. A 2-245/87
- (15) Resolution of 8 March 1988, OJ No. C 94, 11.4.1988; OLIVA GARCIA report, Doc. A 2-284/87
- (16) Resolution of 16 June 1988, OJ No. C 187, 18.7.1988; BEAZLEY report, Doc. A 2-20/88
- (17) Resolution of 16 June 1988, OJ No. C 187, 18.7.1988; PEREIRA report, Doc. A 2-21/88
- (18) Resolution of 18 December 1987, OJ No. C 13, 18.1.1988; TOURRAIN report, Doc. A 2-217/87
- (19) Resolution of 16 June 1988, OJ No. C 187, 18.7.1988; OLIVA GARCIA report, Doc. A 2-76/88

THE COMMON AGRICULTURAL POLICY

After the European Parliament had delivered its opinion, in May 1987, on agricultural prices for 1987/1988 and the related measures - limitation of production and reform of the intervention system - the European Council laid down the main guidelines for agricultural reform on 19 June 1987, even before the Council had fixed the agricultural prices. The European Council confirmed the need for a closer adjustment of supply to demand via measures aimed at attaching greater importance to the market, and announced additional measures such as incentives for set-aside and the extensification of agriculture.

Given the impact of these measures on incomes, the reforms to be undertaken may, in accordance with the Commission's proposals, be accompanied by an element of direct and selective income aid, which is to remain of a complementary nature within the framework of pricing policy, and should not influence the level of production; these reforms may also be backed up by accompanying measures at Community level.

In addition, the European Council emphasized that the process of modernization of the common agricultural policy should take account of the above basic principles, the legitimate interests of farmers and the external interests of the Community, while avoiding any tendencies to renationalization.

The Commission has concluded that there is a need to reinforce stabilization mechanisms which are already operational in certain sectors (cereals and beef) and to institute new mechanisms for control of the markets (oilseeds and protein seeds, wine, beef, vegetables, fruit and tobacco).

Its proposals are fully in line with the ideas it has been developing since 1980, i.e.:

- a more restrictive pricing policy;
- reduction of the duration and amount of intervention;
- limitation of aid by the establishment of maximum guaranteed quantities and compulsory thresholds;
- reinforcement of the system of quotas for milk and milk products, with a view to increased producer involvement.

The accompanying measures suggested by the Commission included differentiation of the reforms, reinforcement of the socio-structural policy and the submission, in the short term, of proposals on the future of rural regions.

The European Parliament, conceiving the socio-structural measures as an integral part of the price package, wished them to be considered at the same time as the restrictive pricing proposals. It was, however, only subsequently able to state its position with regard to the Commission's specific proposals on direct income aid, set-aside with a view to market rationalization and early retirement arrangements for farmers.

Meanwhile, during the July 1987 part-session, Parliament considered Community financing for amenities in rural areas. In its resolution(1), it called for the institution of specific programmes and integrated actions, and an increase in the funds available under Article 18 of Regulation 797/85 for 1988 and for the forthcoming five-year period.

In another resolution of July 1987, on the effect of the common agricultural policy on agricultural trade with third countries and on employment in the Community(2), Parliament, in response to a motion for a resolution on the subject, considered those effects of the Community's agricultural and trade policies which have a destabilizing impact on world market prices and thus undermine agricultural production in Third World countries. Parliament rejected the prospect of an agricultural trade war and, with respect to the problem of surpluses, proposed the setting up of a special programme and the creation of a special fund in the Community to finance stock disposal without disrupting agricultural markets in developing countries. The resolution called for the introduction of a genuine Community export policy and the conclusion of multiannual contracts in order to establish regular trade flows. As regards farmers affected by the market policy, Parliament wished to see them adequately compensated.

At the end of the third year of implementation of the dairy quota arrangements and the superlevy, Parliament, in September 1987, expressed the view that it was time to report on the conclusion of the Working Party on the Monitoring of Dairy Quotas, and made an exhaustive analysis of the problems facing the Community and farmers. It severely reprimanded the Council for impeding the developing understanding between Parliament and the Commission, especially as regards the policy implemented in the dairy sector, and favouring the renationalization of agricultural policy(3). During the October 1987 part-session(4), Parliament adopted a resolution on the mountain regions,

which correspond to 16% of the area given over to agriculture in the Community (cf. No. 20). In addition, during the same part-session, it adopted a resolution on sheepmeat(5), in which it deplored the absence of a common organization of the market eight years after the introduction of the sheepmeat regulation.

The agenda for the October 1987 part-session included, among the current issues relating to the social aspects of the common agricultural policy, the question of direct income aid. Aware of the consequences for farmers' incomes of the restrictive pricing policy and guided by both economic and social considerations, Parliament called for the introduction of a compensatory aid to mitigate the effects of the policy. In its resolutions(6), it favoured the establishment of a Community system of aids to agricultural income and a supervisory system authorizing the Member States to grant national aids to agricultural income in certain circumstances. In addition, Parliament reserved the right to deliver an opinion on the Commission's proposals on the cessation of farming at a later date. In a resolution on natural sweet wines(7), Parliament expressed its approval of the Commission's new proposals establishing regulations for liqueur wines. The preceding proposals, dating from 1979, had never been adopted by the Council. Among the matters raised was the establishment of a precise definition for liqueur wines. Parliament favoured adoption of the definition proposed by the Economic and Social Committee.

On several occasions Parliament considered the concept of co-responsibility of milk producers, which was translated into fact in 1978. Since then, producers have been subject to a levy for the purpose of finding outlets for dairy surpluses. On the occasion of a report by the Court of Auditors on the use of the proceeds of the co-responsibility levy, Parliament adopted a resolution(8) in which it expressed its reservations as regards the effectiveness of the measure. In its resolution, which originated in the Committee on Budgetary Control, Parliament considered the Court of Auditors' report to be incomplete, and requested the Court to draw up a new and comprehensive report (cf. No. 6). In November 1987, Parliament supported the conclusions of the report of the Committee of Inquiry into Agricultural Stocks, and stressed the need to eliminate the stocks as quickly as possible(9). Parliament is waiting for the Commission to submit practical proposals on the matter.

The need for reform of the common agricultural policy returned to the agenda on the occasion of the resolution, adopted in November 1987(10), concerning its future financing. Parliament advocated improved management of the markets and wished to see expenditure controlled by means of budgetary stabilizers which would impose restraint. While considering it essential to strengthen the Commission's management powers, Parliament believed that this should be coupled with an increase in its own monitoring powers.

A resolution adopted during the same part-session(11) gave exhaustive consideration to the application of the agricultural stabilization mechanisms. Parliament wished to state its political position in this form with a view to the negotiations at the European Council in Copenhagen, at which decisions would be taken on the Delors package. Parliament considered that in future market and prices policy would remain, where possible, the essential factor in maintaining the incomes of family farms. It recognized, however, that unlimited price guarantee and unlimited production quantities were unacceptable. Aware of the gravity of the agricultural and budgetary position of the Community, Parliament wished to see as rapid an end as possible to production surpluses, as well as a reduction in the present excessive costs of intervention and storage. In Parliament's view, the prime objective of the stabilization mechanisms was to restore equilibrium on the markets by a reduction and control of production.

In keeping with its previous statements of position on the common agricultural policy, Parliament also advocated the introduction of a system of direct income aids aimed at compensating for social, regional and environmental disadvantages.

In particular, small farmers and farmers in less-favoured areas should not have to suffer. Parliament considered that the programmes for extensification of production, set-aside and reafforestation would be ingenious accompanying measures for the reduction of surplus production. It agreed to the application of stabilizers provided they formed part of a whole package of proposals based on reform of the CAP, the promotion of structural measures and detailed definition of the Delors proposals by the Council. Parliament reserved the right to deliver separate opinions on the different stabilization mechanisms applied under the common organizations of the market at a later date. During the same part-session(12), Parliament adopted a resolution on the reform of the structural funds and amended the Commission's

proposal for a regulation. On 16 December 1987 and 21 January 1988(13), Parliament considered and amended a Commission proposal concerning a Community scheme to encourage cessation of farming. The resolution was adopted by a small majority.

The application of the above-mentioned stabilizers and the relevant resolutions were put to the vote, product by product, on 21 January 1988. Parliament modified the proposals for regulations for the common organization of the markets in sugar, milk and milk products, sheep and goatmeat, cereals, protein crops such as peas, beans and sweet lupins, fruit and vegetables and raw tobacco.

The set-aside of agricultural land is one of the instruments which the Commission intends to apply in order to reduce agricultural production. The regulation which it proposed to this end forms part of a range of price and market policy measures. Designed as complementary, this arrangement is temporary in nature.

Excluded from the deliberations of the Commission and the Council, and hence unable adequately to carry out its consultative role, Parliament deplored the way in which the Commission and the Council negotiated compromise solutions without consulting it. It therefore expressed its intention of defining the main lines of the set-aside scheme and stated its position on the general principles while reserving the right to deliver an opinion on the details of the scheme when officially called on to do so(14). Parliament considered that the measures to reduce agricultural production could make a positive contribution, subject to the conclusion of an agreement within GATT on the production, import and export of agricultural products. It had itself previously called for the introduction of a set-aside scheme. It took the view that any policy to control the amount of land already farmed must be accompanied by measures to monitor the development of new agricultural land. In the same area, Parliament also stressed the need for differentiation and called for an increase in the financial contributions from the EAGGF to the less-favoured Member States, with a view to adapting Community financing to regional circumstances. In keeping with its principles, Parliament advocated compensation for small farmers who were unable to opt for set-aside.

During the same part-session, Parliament adopted resolutions on the ban on hormones(15) and reiterated its condemnation of their use, adding that an adequate information campaign would bring about greater respect for the ban. In its resolution on the ban on hormones in meat, Parliament regretted the

Council's decision of 18 November 1987, made under US pressure, to postpone implementation of the ban. It noted that the ban on the administration of hormones had actually become operational at Community level as of 1 January 1988, and that the reprieve granted to the US would expire on 31 December 1988.

Meanwhile the European Council, at its meeting on 13 February 1988, adopted various decisions concerning the financing of agriculture. With regard to budgetary discipline, a reference framework limits EAGGF (Guarantee Section) appropriations to 27.5 m ECU. In principle, the annual increase in this expenditure should not exceed 80% of GNP growth, or 74% if spending incurred by the set-aside scheme is taken into account. The depreciation of existing surpluses is financed independently of the agricultural budget. The summit also adopted a series of decisions of principle concerning the introduction of stabilizers into the common organizations of the market, the extension of the quota arrangements for milk and milk products, the introduction of an aid scheme to encourage cessation of farming and income aid.

During the March 1988 part-session(16), Parliament considered a proposal for the amendment of the regulation on improving the efficiency of agricultural structures (Council Regulation No. 797/85). It approved this proposal without debate, subject to the amendments introduced in the vote. The Commission proposal concerning the milk and milk products sector was also approved without debate(16). In addition, Parliament examined and approved the annual proposals on opening tariff quotas for beef imports(16). Finally, it examined a proposal, forming an essential part of the agricultural reform policy, concerning an aid scheme intended to encourage set-aside and the extensification and conversion of production. The Council wanted this proposal to be given urgent consideration. It should be stressed in this respect that since the Council had already adopted a decision on the matter, Parliament's opinion could not make an effective contribution in respect of this controversial issue. Parliament adopted a resolution which referred to the general policy lines it had defined on the question of set-aside and called on the Commission to adopt its amendments to the proposal. In addition, the Council was asked, should it intend to depart from the text approved by Parliament, to notify Parliament and to consult it again if it intended to make substantial modifications.

Finally, Parliament adopted a resolution on a regulation on controls in the wine sector, after introducing amendments to the Commission proposal(16). In addition, it adopted a resolution on agricultural development in the less-favoured regions of the west of Ireland.

During the April 1988 part-session, Parliament gave detailed consideration to the problem of introducing stabilizers into the COMs, on which urgent procedure had been decided at the Council's request(17). The debate concerned the draft opinion on the amended Commission proposals introducing stabilizers into most of the COMs(18), and an opinion on the introduction of a special compensation levy in the sugar sector for the 1987-1988 marketing year, which was rejected. With regard to the stabilizers, which are an instrument introduced to the COMs in order to limit the EAGGF guarantee in cases of overproduction, a number of resolutions corresponding to the proposals for the various products were adopted. However, Parliament substantially amended the Commission's proposal(19).

On the fringes of the Council meeting held to discuss socio-structural measures in the agricultural sector(20), a conciliation procedure was held between Parliament, the Council and the Commission. In a joint declaration, it was decided that the Council would state its position regarding direct income aid as soon as possible and by 1 July 1988. In addition, the Council undertook to ensure Parliament's full participation in future adjustments of the stabilizers, and, if necessary, to resume the conciliation procedure.

During the May 1988 part-session(21), which was devoted to agricultural prices for the 1988/1989 marketing year and related measures, the basic regulations governing the COMs were again examined in detail and amended. Despite the changes entailed by the introduction of the stabilizers, dozens of proposals for the modification of the organizations of the market were submitted to Parliament. In addition, the Commission proposal for the near-universal maintenance of existing prices, that is, the freezing of agricultural prices denominated in ECU, received majority support in Parliament. Parliament adopted most of the proposals for accompanying measures, after amendment. Several other proposals were rejected and referred back to committee, since Parliament feared that the adoption of the amended regulations would lead to the ceiling of 27.5 billion ECU being exceeded. The regulations in question concern cereals, milk and milk products, olive oil, oils and fats, wine, tobacco and the MCAs. The adoption of the amended regulations would be likely either to lead to the ceiling fixed by Parliament, the Council and the Commission being exceeded by over 1 bn ECU or to limit the incomes from the negative Monetary Compensatory Accounts and the co-responsibility levy on milk, in the case of partial abolition or suspension.

During the June part-session(22), further amendments were submitted to Parliament, some of which did not affect costs, while others involved expenditure within the limits of the established threshold. They were approved without debate.

- (1) Resolution of 9 July 1987, OJ No. C 246/87; Doc. A 2-54/87
- (2) Resolution of 9 July 1987, OJ No. C 246/87
- (3) Resolution of 17 September 1987, OJ No. C 281/87
- (4) Resolution of 13 October 1987, OJ No. C 305/87
- (5) Resolution of 13 October 1987, OJ No. C 305/87
- (6) Legislative resolutions of 28 October 1987, OJ No. C 318/87
- (7) Resolution of 28 October 1987, OJ No. C 318/87
- (8) Resolution of 30 October 1987, OJ No. C 318/87
- (9) Resolution of 18 November 1987, OJ No. C 345/87
- (10) Resolution of 18 November 1987, OJ No. C 345/87
- (11) Resolution of 19 November 1987, OJ No. C 345/87
- (12) Legislative resolution of 19 November 1987, OJ No. C 345/87; cf. No. 20
(Regional Policy)
- (13) OJ No. C 13/88 and C 49/88
- (14) Resolution of 10 February 1988, OJ No. C 68/88
- (15) Resolution of 12 February 1988, OJ No. C 68/88
- (16) Legislative resolution of 11 March 1988, OJ No. C 94/88
- (17) 13 April 1988 (OJ No. C 122/88)
- (18) Doc. C 2-3/88 and C 2-4/88
- (19) Legislative resolution and opinion of 14 April 1988, OJ No. C 122/88
- (20) 19 April 1988
- (21) 19 May 1988, OJ No. C 167/88
- (22) 14 June 1988

THE COMMON FISHERIES POLICY

The parliamentary year under consideration may be regarded as one concerned with the management and adjustment of the common fisheries policy. A major regulation on structural policy (No. 4028/86) was adopted, and this was followed by the adoption of implementing regulations and the 1987-1991 multiannual guidance programmes(1).

These programmes lay down for each country the Community guidelines with regard to the financing of structural measures. Provision is made for intervention to reduce the fishing capacity of the fleet and adapt it to the available fishery resources.

An important measure was adopted by the Council(2) concerning research in the fisheries sector, as was a research programme on fisheries management, catch quotas, aquaculture and the upgrading of fishery products. This programme will run for five years (1988-1992). Its estimated cost is 30 m ECU.

The European Parliament supported this Commission proposal and, within the framework of the budgetary procedure, called for an increase in funds earmarked for fisheries research.

During the year in question, the Community continued to develop its external relations in the fisheries sector, concluding or renewing fisheries agreements.

Unfortunately, Parliament plays only a very restricted role with regard to such agreements, since it is not consulted until after the agreement has been concluded. The most important agreement to which Parliament gave its assent was the fisheries agreement concluded with Morocco. This EEC/Morocco agreement is the most important and complete yet signed and takes account both of the common interests of the two parties and of possibilities for fishing, financial compensation, cooperation measures and market access conditions.

The European Parliament has also again proposed that a multilateral agreement on fisheries in the Mediterranean should be concluded.

Since Parliament is not involved in fisheries management policy, it exerts its influence mainly by means of own-initiative reports. During the period under consideration, the most important such report dealt with social aspects: the European Parliament called on the Community to give greater attention to the various social aspects of fisheries activities, such as vocational training, safety at sea and medical assistance at sea.

(1) OJ No. L 4/1988

(2) Regulation (EEC) No. 3252/87, OJ No. L 314/1987

TRANSPORT POLICY

During the period covered by this document, the Community's activities in respect of transport have concentrated on two fields: consideration and adoption of the series of measures on civil aviation and consideration of Commission proposals on the liberalization of access to the road transport market and a series of vital accompanying measures.

A solution to this second great problem was found during the Council of Transport Ministers' meeting of June 1988 at which liberalized access to the market for the international carriage of goods between Member States from 1 January 1993 was decided.

All present quantitative restrictions will then be abolished, i.e. Community quotas, bilateral quotas between Member States and quotas on transit traffic to or from non-Community countries and access to the market will be governed solely by a system of Community licences issued on the basis of uniform qualitative criteria.

The problem of the liberalization of access to the market was one of those considered by the Court of Justice of the European Communities (Case 13/83) in the action for failure to act brought by the European Parliament against the Council of Ministers. After the Court's judgment it was clearly established in law that there was a duty to ensure the genuine freedom to provide services in this field for which the liberalization of international transport is one of the cornerstones. However, the legislation required to this end has been held up for a long time by the lack of progress in social, fiscal and technical harmonization which the European Parliament in particular has always regarded as having to go hand in hand with progressive liberalization in this sector(1).

On 19 November 1987 the European Parliament adopted a report(2) approving the various legislative proposals relating to the series of measures concerning civil aviation. The proposals were the result of a compromise reached after much negotiation and, although the measures were not all deserving of Parliament's endorsement, the latter saw fit to give its overall endorsement to this first step towards greater liberalization of the regulations governing civil aviation, in order to allow operators greater margin for manoeuvre and greater commercial freedom and hence to provide customers with better service.

Liberalization will certainly increase air traffic within the Community, which may aggravate the overcrowding on certain routes which is already apparent in certain parts of Community airspace. Moreover, greater competition between carriers must not result in any decline in safety levels. These are matters of great concern to the European Parliament, which on 15 September 1987 adopted a report on safety in air transport(3) in which it drew attention to already existing deficiencies in this respect which need to be corrected before the predicted increase in European air traffic aggravates the situation still further.

Also on the subject of safety in European air space the European Parliament's Committee on Transport has adopted a draft report on the future of Eurocontrol in the context of traffic control in western European airspace(4), in which Parliament inter alia calls for the early establishment of coordination and close cooperation between the European air traffic control centres and proposes defining a strategy to extend the powers of that institution to all Community airspace, conferring Community status on the institution and placing it under the control of the European Parliament. This draft report was adopted during the July part-session.

The European Parliament also delivered a favourable opinion on the proposal to amend Directive 83/416/EEC on the authorization of scheduled interregional air services for the transport of passengers, mail and cargo between the Member States(5) with a number of amendments to the original text of the Commission's proposals.

The European Parliament also adopted a report on air freight in the Community(6) in which it welcomed the Commission's communication on the subject but regretted the absence of proposals for legislation in such an important field, urging the need for measures to facilitate the customs clearance of air cargo and warning of the danger of an invasion of the European market by US companies specializing in this type of transport.

In the field of road transport, the report has been adopted on access to the market for the carriage of goods by road between Member States(7). It concerned a proposal to amend Regulation (EEC) No. 3164/76 so as to introduce full access to this market by December 1992. The European Parliament felt obliged to make a number of amendments to the Commission's draft, re-emphasizing the need for harmonization to go hand in hand with liberalization. While approving the principle of increasing Community quotas, it hoped that the annual cumulative increases would be governed by a Council

decision which would also be annual and again emphasized that bilateral quotas should be reduced in proportion. On the vital question of full automatic liberalization by 1993 which the Commission wanted, Parliament felt that the Council should review the situation at the end of the transitional period and then take a final decision.

As we have seen, the Council has reached a decision on this matter at its June 1988 meeting.

A report on the Commission proposal on the international carriage of passengers by coach and bus(8) and a report on conditions under which non-resident carriers may operate national road passenger transport services(9) were also adopted.

One question closely linked to liberalization of access to the market in road transport is the payment for and charging of infrastructure costs.

On 16 September 1987 the European Parliament adopted an important report on payment for the use of transport infrastructure in the framework of the common transport policy and elimination of distortions of competition by vehicle taxes, fuel taxes and road tolls(10), in which it supported the adoption of the territoriality principle which would allow taxation of carriers to be directly linked to the infrastructure network they actually use rather than simply to the network existing in their country of registration (as is the case today under the prevailing principle of 'nationality').

As regards infrastructure projects of Community interest, Parliament was again asked to deliver an opinion on a proposal for an ad hoc regulation to allow appropriations entered in the budget to be used for certain projects of Community interest(11).

An own-initiative report on the transport policy implications of Spanish and Portuguese accession to the European Community was adopted on 8 March 1988. It analysed the transport situation in the Iberian Peninsula, stressing the importance of fully integrating the new members into the European transport network, with particular reference to their peripheral location and the very important role the Council could play in attaining this goal by adopting the Community medium-term transport infrastructure programme.

Another own-initiative report, on a European high-speed train network(13) was adopted on 16 September 1987, in which Parliament analysed the development of European rail transport and urged the creation of a European high-speed train network.

In respect of the harmonization of laws, the European Parliament delivered an opinion on the proposal for a fourth directive on summer time(14), and on barriers to the carriage of reserve petrol canisters(15).

Two own-initiative reports were also adopted, on the rational use of energy in the field of transport(16) and on the mobility of the disabled and elderly(17), and two reports on Commission proposals for statistical data on the transport of goods by road(18) and the fixing of rates for the carriage of goods by road between Member States(19).

During this period the Council adopted the following legislative acts:

- an ad hoc regulation on the granting of aid for transport infrastructure projects (Regulation 4070/87, OJ No. L 380, 31.12.1987);

- two regulations, a directive and a decision on air transport (OJ No. L 374, 31.12.1987);

- (a) a regulation laying down the procedure for the application of the rules on competition to undertakings in the air transport sector (Regulation 3975/87),

- (b) a regulation on the application of Article 85(3) of the Treaty to certain categories of agreements and concerted practices in the air transport sector (Regulation 3976/87),

- (c) a directive on fares for scheduled air services between Member States (Directive 87/601/EEC),

- (d) a decision on the sharing of passenger capacity between air carriers on scheduled air services between the Member States and on access for air carriers to scheduled air-service routes between Member States (Directive 87/602/EEC),

- a directive on access to the occupation of carrier of goods by waterway in national and international transport and on the mutual recognition of diplomas, certificates and other evidence of formal qualifications for this occupation (Directive 87/540/EEC, OJ No. L 322, 12.11.1987);
- a directive laying down the maximum width of thick-walled refrigerated vehicles (Directive 88/218/EEC, OJ No. L 98, 15.4.1988);
- a regulation on access to the market in the international transport of goods between Member States;
- a regulation on roadworthiness testing of motor vehicles;
- a regulation extending until 31 December 1988 the present system governing road freight rates.

- (1) E.g. ANASTASSOPOULOS, Doc. A 2-96/86, OJ No. C 255, 13.10.1986 and Doc. A 2-84/85, OJ No. C 262, 14.10.1985, and BRAUN-MOSER, Doc. A 2-72/86, OJ No. C 255, 13.10.1986.
- (2) KLINKENBORG, Doc. A 2-193/87, OJ No. C 345, 21.12.1987.
- (3) ANASTASSOPOULOS, Doc. A 2-135/87, OJ No. C 281, 19.10.1987.
- (4) CORNELISSEN report, Doc. A 2-56/88, OJ No. C 235, 12.9.1988, adopted in plenary: Minutes, PE 124.804.
- (5) NEWTON-DUNN, Doc. A 2-204/87, OJ No. C 13, 18.1.1988.
- (6) VAN DER WAAL, Doc. A 2-244/87, OJ No. C 88, 24.3.1988.
- (7) SAPENA-GRANELL, Doc. A 2-132/87, OJ No. C 281, 19.10.1987.
- (8) WIJSENBEEK, Doc. A 2-243/87, OJ No. C 49, 22.2.1988.
- (9) EBEL, Doc. A 2-230/87, OJ No. C 49, 22.2.1988.
- (10) LALOR, Doc. A 2-134/87, OJ No. C 281, 19.10.1987.
- (11) ANASTASSOPOULOS, Doc. A 2-241/87, OJ No. C 13, 18.1.1988.
- (12) CAROSSINO, Doc. A 2-272/87, OJ No. C 94, 11.4.1988.
- (13) STARITA, Doc. A 2-79/87, OJ No. C 218, 19.10.1987.
- (14) ANASTASSOPOULOS, Doc. A 2-219/87, OJ No. C 345, 21.12.1987.
- (15) BUTTAFUOCO, Doc. A 2-216/87, OJ No. C 13, 18.1.1988.
- (16) CABEZON ALONSO, Doc. A 2-126/87, OJ No. C 305, 16.11.1987.
- (17) RAMIREZ HEREDIA, Doc. A 2-112/87, OJ No. C 281, 19.10.1987.
- (18) ANASTASSOPOULOS, Doc. A 2-51/88, OJ No. C 167, 27.6.1988.
- (19) REMACLE, Doc. A 2-52/88, OJ No. C 167, 27.6.1988.

COMMUNITY ENERGY POLICY(1)

The huge increases in the price of crude oil in 1979/80 and the serious repercussions this had on the economies of all the Member States of the Community gave a new impetus to the development of a Community energy policy. However, the tangible progress made between July 1987 and June 1988 can only be described as modest. As was pointed out in last year's report on the most important aspects of European integration, this is not - contrary to a widely held view - due to any lack of will or initiative on the part of the Commission or Parliament; rather it is simply that the limits set by Member States in the Council for their acceptance of a common energy policy have largely been reached. Moreover, the glut on the oil markets and recent sharp falls in prices have strengthened the impression that the need for a common energy policy is less pressing.

The Community's energy objectives, energy production, energy consumption and energy saving

Member States' energy policies should be targeted on realizing the ambitious 1995 Community energy objectives. The Council Resolution of September 1986(2) concerning these objectives commit the Member States to pursuing the process of restructuring energy policy. Despite present trends towards an easing of conditions on the energy and oil markets, the Community's long-term energy policy objectives are to be maintained, including in particular:

- even greater energy efficiency in all sectors, and action to highlight ways and means of saving energy; in particular, the efficiency of final energy demand (ratio of final energy demand to GDP) to be improved by at least 20% by 1995;
- oil consumption to be kept down to about 40% of energy consumption and net oil imports thus maintained at less than one third of total energy consumption in the Community in 1995;
- continued efforts to promote consumption of solid fuels and to improve the competitiveness of relevant production capacity;

- the share of natural gas in the energy balance to be maintained on the basis of stable and diversified supplies and intensified natural-gas exploration and production in the Community;
- the proportion of electricity generated from hydrocarbons to be reduced to less than 15%;
- the planning, construction and operation of nuclear installations to proceed under optimum safety conditions on the basis of the highest safety standards;
- output from new and renewable energy sources to be increased substantially to replace conventional fuels;
- to achieve these goals, the Commission must examine whether national energy policies comply with Community objectives and must report to the Council on this at regular intervals.

In pursuit of these objectives (reducing energy dependence, crude-oil substitution, energy saving), the Community has already notched up notable achievements(3). Primary-energy production has been boosted considerably since 1975 - principally as a result of increased oil production in the United Kingdom - while, despite a marked increase in economic output, the rise in gross inland consumption of energy in the Community has been but slight. Community energy dependence and oil dependence has been reduced substantially since 1975; nevertheless, there are still considerable disparities between the Member States as regards energy production, consumption and dependence and, most importantly, the degree to which the objectives of energy saving and crude-oil substitution have been realized. The proportion of total consumption accounted by the various energy sources also varies considerably from Member State to Member State - a state of affairs brought about not only by structural disparities between the countries concerned, but also by the existence of differing national energy objectives (e.g. in nuclear energy).

One of the tasks to be carried out in connection with the Community's energy objectives for 1995, referred to above, was a Commission review of Member States' energy policies. The Commission submitted its findings(4) in 1988; they were discussed at the Energy Council meeting on 9 June 1988. The key review findings are that:

- Member States' efforts to achieve energy-saving objectives would appear to be tailing off - no doubt as a result of falling energy prices and an easing of conditions on the oil and energy markets. However, we must not make the mistake of regarding such events as a long-term trend or as an invitation to slacken efforts to save energy and find energy substitutes
- Increases in consumption of solid fuels (coal) are well below long-term target levels; it is imperative to step up efforts in this area.

The internal energy market

The establishment of a genuine internal market by 1992 calls for special energy policy measures, the following being selected examples only:

- the remaining obstacles to intra-Community trade in energy to be eliminated, particularly in electricity;
- equality of competition to be established by eliminating fiscal disparities (concerning value-added tax and specific consumption taxes), subsidies and non-cost-based price differentials;
- common technical standards and environmental-protection requirements to be adopted throughout the energy sector;
- public procurement in the energy sector to be opened up, since the fact that national markets are compartmentalized - and this is very much the case as regards investment in the energy sector too - is a source of considerable additional costs to the Community, which are put at the equivalent of 0.5 to 1% of the Community's gross domestic product(5);
- energy infrastructure to be developed, e.g. gas pipeline networks, with a view to greater security of supply and energy network interconnection.

These complex energy-related problems in connection with the establishment of a genuine internal market are being fiercely debated and, in some areas, much controversy has been caused(6); action on a whole range of fronts will soon be required. The European Parliament is likely to hold a hearing on this issue towards the end of 1988 (probably in November 1988).

Sectoral aspects

Coal and other solid fuels: A marked increase in consumption of solid fuels is a major energy objective for the Community. The Commission recently submitted a report(7) on its review of the action taken by the Member States in this area.

In July 1987, on the basis of the new Community rules(8) on State aid to the coal industry which entered into force in 1986, the Commission approved aid from certain Member States to their coal industries for 1987(9). Applications to the Commission for authorization are mandatory; this is designed to ensure that such aid is granted only if it is fully in line with precisely defined objectives (improved competitiveness and security of supply, solving social and regional problems). Action will have to be taken in the medium term to ensure that coal holds its own on the open market, particularly in the face of third-country coal, the average import price of which is only about half the cost price of Community coal.

The European Parliament has consistently acknowledged the particularly important role played by coal with regard to energy supplies and calls for the preservation of an efficient coal industry as a linchpin of efforts to ensure security of supply - a stance underlined in the own-initiative report on European coal policy(10), which is still before Parliament, and at the public hearing on European coal policy(11) held in December 1987.

Hydrocarbons: The scaling-down of oil imports, together with crude-oil substitution, is, as has already been stated, a Community energy objective - an objective which is being pursued under the current Community multiannual programme (1986-1989)(12) for technological development in the hydrocarbons sector (particularly aid for off-shore exploration, etc.).

Nuclear energy and nuclear fuel: Nuclear energy has a key role to play in connection with the Community's energy objectives for 1995. However, the many debates in the European Parliament since the Chernobyl accident in 1986, and the many opinions Parliament has adopted on this, demonstrate(13) that considerable controversy surrounds the place of nuclear energy in the energy strategy. Nevertheless, in the medium term, the realistic approach to take is to enhance the role of nuclear energy. There can be no doubt that efforts must be redoubled to make safety requirements for nuclear installations more stringent. The Chernobyl accident itself provides unmistakable evidence that, in spite of the Euratom Treaty, the Commission, which is the relevant

Community authority, enjoys nowhere near sufficient powers. (There are, for example, no common safety standards governing discharges, no Community consultation procedures in respect of facilities sited near frontiers, no precise Community rules on storing and transporting nuclear fuel and nuclear waste, difficulties in establishing basic radiation protection standards, inadequate Community nuclear-incident information and monitoring system and no coordinated emergency plan, etc.)

Irregularities, recently established in the handling and transport of nuclear waste in the Community, have been investigated by a special European Parliament committee of inquiry. A final report was tabled at the July 1988 part-session (cf. Chapter No. 5 on the Committee of Inquiry on the handling and transport of nuclear material).

New and renewable energy sources: For the time being, admittedly, only a very small proportion of the Community's energy supplies is derived from these sources. However, one of the Community's energy objectives for 1995 is to enhance their role considerably. The significance of these sources is again demonstrated by the research, development and demonstration (RD & D) programmes under way(14) and, in response to calls by the European Parliament, 1989 has been declared 'European Alternative Energy Year'. In this context, intensified action in the field of renewable energies, energy saving and rational energy use has been called for(15), the Energy Council adopting a recommendation on this on 9 June 1988(16).

Research, development and demonstration: The Community's framework research programme - see Chapter No. 25 - encompasses many energy-related research, development and demonstration projects in support of the energy objectives referred to above, with a view inter alia to encouraging acceptance and promoting competitiveness and application options in connection with traditional energy sources (e.g. reactor safety and radioactive-waste management in the nuclear-energy field, plus coal gasification and liquefaction), to helping new energy sources to achieve a breakthrough (alternatives, nuclear fusion) and to promoting energy saving and rational energy use.

Fostering regional development: A Community programme has been adopted to encourage the development of certain less-favoured regions in the Community by exploiting endogenous energy potential (VALOREN programme)(17).

Role of the European Parliament (EP): The Member States may in principle have endorsed the aims of the Community, which were laid down by common agreement; however, certain national factors are preventing a common energy policy from being put into practice, examples being coal (where the interests of coal-producing and non-coal-producing countries differ) and nuclear energy. Accordingly, the EP's prime duty is to persuade the Member States that a Community-level solution to these problems is in the long-term common interest and that the long-term interest outweighs short-term national interests which might favour other solutions. Only when all the Member States have accepted this will the Community be in a position not only to lay down the objectives to be pursued under a common energy policy, but also to act to achieve said objectives in a manner commensurate with the urgency of the problems concerned.

- (1) A number of Community research, technology and demonstration projects concern energy; c.f. also the following Chapter No. 25, 'Research and Technology'
- (2) Council Resolution of 16 September 1986, OJ No. C 241/1986
- (3) A detailed account of energy production and consumption in the Community as a whole and in the individual Member States for 1987 can be found in Tables III/S/1, III/S/2 and III/S/3 in the EP Fact Sheets (PE 122.000)
- (4) COM(88) 174 final, Vols. I and II
- (5) cf. also European Economy, No. 35, March 1988, The Economics of 1992, p. 56 et seq.
- (6) cf. also an EP working document in connection with this (PE 121.291, March 1988); cf. Commission proposals (COM(88) 238 final of May 1988) and the initial debate at the Energy Council meeting of 9 June 1988
- (7) COM(88) 185 final
- (8) Commission Decision No. 2064/86/ECSC of 30 June 1986 establishing Community rules for State aid to the coal industry, OJ No. L 177/1986, 1.7.1986; cf. also Commission Decision No. 2645/86/ECSC of 30 July 1986 implementing Decision No. 2064/86/ECSC establishing Community rules for State aid to the coal industry, OJ No. L 242/1986
- (9) cf. the relevant Commission Decisions of 31 July 1987, OJ No. L 241/1987
- (10) Doc. A 2-147/88 (West report)
- (11) cf. summary of the public hearing of 1-2 December 1987 on European coal policy, published in EP, Directorate-General for Research, Research and Documentation Papers, Energy and Research Series No. 5 (02-1988), Luxembourg, February 1988
- (12) Based on Council Regulation (EEC) No. 3639/85 of 20 December 1985, OJ No. L 350, 27.12.1985
- (13) The main reports and resolutions adopted shortly after the Chernobyl accident were referred to in the last report on EP activities (PE 114.500). With regard to the period covered by this report, readers should refer in particular to
 - Doc. A 2-165/86 (Ippolito report) on the dangers of the privatization of nuclear energy and the resolution of 7 July 1987, OJ No. C 246/1987, and
 - the resolution of 8 July 1987 on recent nuclear accidents in the European Community, OJ No. C 246/1987
- (14) cf. in particular the Council Decision of 12 March 1985 (85/198/EEC) adopting a research and development programme in the field of non-nuclear energy (1985 to 1988), OJ No. L 83/1985, and the Council Resolution of 26 November 1986 (86/C316/01) on a Community orientation to develop new and renewable energy sources, OJ No. C 316/1986
- (15) cf. Doc. A 2-249/87 (Bloch von Blottnitz report) and the resolution of 21 January 1988 contained therein (OJ No. C 49/1988), Doc. A 2-15/88 (Bloch von Blottnitz report) and the resolution of 20 May 1988 contained therein (OJ No. C 167/1988); cf. also COM(87) 432 final
- (16) Council Recommendation of 9 June 1988 (88/349/EEC), OJ No. L 160/1988
- (17) cf. in this regard the relevant Commission Decisions of 22 October 1987 benefiting Greece, Spain, France, Ireland, Italy, Portugal and the United Kingdom, OJ No. L 30/1988; cf. also Chapter No. 20 in this regard

COMMUNITY RESEARCH AND TECHNOLOGY POLICYLegal basis

A formal basis for a Community research policy, based on Article 235 of the EEC Treaty and transcending the areas covered by the ECSC and Euratom Treaties, was created only in 1974, in a Council resolution(1) on the coordination of national policies and the definition of projects of interest to the Community in the field of science and technology.

The Single European Act (SEA) lays down a new legal basis for research and technology policy, incorporating it explicitly into the Treaties (SEA, Article 24 - Articles 130f-130q of the EEC Treaty). Pursuant to Article 24 of the SEA (Article 130i of the EEC Treaty), the Community adopts a framework programme (on which the Council must act unanimously) setting out all its research and technological development (R & D) activities. (The specific programmes are adopted by a qualified majority).

Implementation and implementing agencies of research and development policy

The framework programme is implemented on the basis of specific programmes developed within each activity. In referring to research and technological development activities, a distinction should be made in the matter of implementation and funding between the following types of research:

- direct action carried out by the Joint Research Centre (JRC) - four centres located in Ispra (Italy), Geel (Belgium), Karlsruhe (Germany) and Petten (Netherlands) - and financed entirely by the EEC;
- indirect action carried out by research groups, laboratories, and universities in the Member States and partly financed by the EEC;
- concerted action - also carried out by research groups, laboratories, and universities in the Member States, the EEC providing funds for coordination only.

Aims: to pursue a common science and technology policy in major areas (e.g. new technologies, energy, raw materials, environment). In coordinating national policies or research activities at Community level, the ultimate goal must be to:

- eliminate instances of redundancy or needless overlapping in national programmes;
- increase the effectiveness, or cut the cost, of national and Community activities by sharing tasks or, where appropriate, by means of concentration of resources or teams;
- bring about the gradual harmonization of the procedures for drawing up and implementing research policy in the Community;
- work towards a common internal market (for instance by laying down uniform rules and standards, etc.) and help remove scientific and technical frontiers in Europe;
- encourage suitable research projects in sectors where the problems cut across frontiers (e.g. environmental and health protection);
- narrow the disturbing gulf between the research potential of the Community countries and what is actually achieved and - by means of a common research strategy (with increased funding) - maintain or restore Europe's international competitiveness with the United States and Japan, thus helping, by means of innovations and new technologies, to reduce unemployment in the Community.

The common framework programme for research and technological development (1987 - 1991) and its overall budget

Following the continuous pressure exerted by the European Parliament, and in particular by the Committee on Energy, Research and Technology(2), the stubborn resistance of three of the largest EEC Member States (France, Germany, and the United Kingdom) was finally overcome in the autumn of 1987, and the Council was accordingly able to adopt the Community framework research programme on 18 September 1987(3).

The overall budget approved by the Council for this framework programme, which runs from 1987 to 1991, is just 5.4 bn ECU, markedly lower than the figure initially envisaged (the estimates totalled 10.35 bn ECU)(4). The full amount of these appropriations will be allocated over the period among the various R & D programmes, each of which will be adopted separately. These Community appropriations earmarked for research and development are - relatively speaking - very modest; they account for just 2.5% of the general budget of the European Communities. Similarly, they represent less than 4% of the appropriations allocated to this sector at national level(5).

However, the relatively modest financial endowment of the common research policy should not be the sole or even the main yardstick with which to measure its status and significance. The Community's periodic revision of national and common research policies, which takes place every two years, has led to notable progress as regards steering, harmonizing, and coordinating national policies.

Individual sectors of activity and specific research programmes covered under the framework research programme

The framework programme encompasses eight sectors of activity. For every sector of activity, the Community has corresponding specific research programmes. To date (end of June 1988) the Council has adopted specific R & D programmes involving a total cost of 2741 m ECU (or 51% of the total endowment earmarked for the framework programme); the estimated cost of the proposals for programmes now ready for adoption is 1251 m ECU (=23%); the Commission has submitted proposals for further programmes involving a total cost of 841 m ECU (=16%); in the case of a dozen other programmes, whose estimated overall budget is 562.8 m ECU, no proposal has yet been submitted(6).

These sectors of activity are briefly described below (the appropriations - in million ECU - allocated to each sector are shown in brackets); the corresponding specific research programmes will not be listed separately unless they are of major importance and have been approved in the period covered by this report (July 1987 - June 1988). (NB: the specific research programmes that have already been approved and are still in progress will not be discussed below). The eight sectors of activity are:

1. **Quality of life (375 m ECU):** the Community's R & D efforts are to be concentrated on health care (preventive medicine and early diagnosis, the consequences of ageing, AIDS and cancer research, and radiation protection) and the environment (environmental protection, climatology, natural hazards, and major technological hazards).

Specific research programmes dealt with in the period covered by this report:

- research and training programme in the field of radiation protection (1985 to 1989) (7),
- research and development coordination programme in the field of medical and health research (1987 to 1991) (8); following the urgent request of Parliament, a key programme of AIDS research has been launched.

2. **Information technologies and telecommunications (2275 m ECU):** the development of microelectronics and peripherals, information-processing systems and associated application technologies is to be speeded up; particularly important in this respect are the Community's ESPRIT (information technologies) and RACE (telecommunications) programmes, which produce very good results (see section 10, 'Industrial policy').

Specific programmes:

ESPRIT (European Strategic Programme for Research and Development in Information Technologies). This programme, which has often been termed the flagship of European research, has now been running since 1984. It is intended to ensure the international competitiveness of European industry in the rapidly expanding information and communication technologies sector which now occupies a position comparable to that of the car industry or the steel industry. In the second phase of the ESPRIT programme, which was not endorsed by the Council (10) until April 1988, following sustained pressure from Parliament (9), appropriations of 1600 m ECU are to be provided over a five-year period (1987-1991); the many projects break down into application-oriented R & D projects (microelectronics and peripherals technology, information-processing systems and associated application technologies), basic research projects (especially in the fields of molecular electronics, artificial intelligence, and solid-state physics), and related measures (coordination and exchange of information with the Member States and third countries, dissemination of findings, etc.)

- RACE (Research and Development in the Advanced Communications Technologies in Europe). This programme is also intended to promote industrial competitiveness and the development of telecommunications and advanced communications technologies (integrated broadband communication, etc.). Following an 18-month definition phase(11), the RACE programme was finally adopted by the Council in December 1987(12); appropriations of 550 m ECU are to be provided under the programme for a five-year period (1987 - 1991). The RACE and ESPRIT programmes are closely linked.
- DRIVE (Dedicated Road Infrastructure for Vehicle Safety in Europe). This programme, which is intended to improve road safety, is one of the specific programmes concerned with application and conversion of the information and telecommunications technologies of ESPRIT and RACE. The programme will be coordinated with the corresponding EUREKA programme, PROMETHEUS. (The EUREKA initiative will be discussed in a separate section below). This programme was adopted by the Council on 29 June 1988(13).
- DELTA (Community action in the field of learning technology). This programme is another 'child' of ESPRIT and RACE; the new technologies should yield new methods applicable to the various forms of education, including continuing education. This programme was also adopted at the Council meeting of 29 June 1988(14).

3. Modernization of industrial sectors (745 m ECU): this sector covers application of new technologies to the manufacturing and processing industries (BRITE programme; for a description, see below), new materials technology (especially the EURAM programme: new alloys, engineering ceramics, composite materials, high-temperature materials), Community raw materials research (in particular prospection and mining technology, recycling of waste, and use of wood), and prenormative research with a view to laying down norms and standards.

Specific programmes:

- BRITE (Basic technological research and the applications of new technologies). This programme seeks to encourage the application and/or development of new technologies in the 'traditional' industries, which still account for approximately three quarters of all industrial employment in the Community. The programme covers basic technological research and development, laser technology, mathematical modelling, etc.; the BRITE programme, which runs from 1985 to 1988, was revised under the Council decision of 29 February 1988(15).

- R & D programme in the field of applied metrology and chemical analyses (1988 - 1992) (the Community Bureau of Reference - BCR). This programme is intended to provide technical back-up for the moves towards harmonization in the Community (with a view to completion of the internal market). No standard, however, is actually laid down; instead, various aids are provided to ensure proper use of measuring methods. Main components of the programme: analyses of foodstuffs and agricultural products, health- and environment-related analyses, analysis of metals, and applied metrology. This programme was adopted by the Council on 29 June 1988(16).

4. **Exploitation and optimum use of biological resources (280 m ECU):** this sector of activity covers the Community's research programmes in the fields of biotechnology and the agro-industrial technologies. The current biotechnology research action programme (1985 - 1989) was revised under the Council decision of 29 June 1988(17).

Mention should also be made of Parliament's resolution of 19 May 1988(18) on the Human Frontier Science Programme (which, though not part of the framework programme, is thematically related to the field of activity discussed here); this is a programme - to be implemented in cooperation with Japan - of world-wide basic research (proceeding from biological considerations).

5. **Energy (1173 m ECU(19)) :** this sector of activity covers three major subsectors:

- energy from nuclear fission (reactor safety, management and storage of radioactive waste, decommissioning of nuclear power-stations);
- energy from nuclear fusion (the Community's JET programme was to demonstrate the scientific feasibility of nuclear fusion and the NET programme, its technical feasibility);
- non-nuclear energy: solar energy (solar technology and photovoltaic cells), wind energy, energy from biomass, geothermal energy, solid fuels technology (liquefaction, gasification, transport), rational use of energy, etc.

In the period covered by this report the EP adopted a resolution on the proposal for a regulation adopting a research and training programme (1987 - 1991) in the field of controlled thermonuclear fusion (JET programme)(20). The Community is researching into, and encouraging international cooperation

in, the field of fusion; an agreement of participation by the European Atomic Energy Community in the International Thermonuclear Experimental Reactor (ITER) Conceptual Design Activities, together with Japan, the Soviet Union, and the United States was concluded in February 1988(21).

Activities under the current R & D programme (1985 - 1988)(22) are continuing in the non-nuclear sector; this key programme relates to the development of renewable forms of energy (solar energy, energy from biomass, wind energy, geothermal energy) and the rational use of energy (energy savings, use of solid fuels, production and use of new sources of energy, achieving the greatest possible efficiency in the production and use of hydrocarbons, energy systems analysis and modelling).

6. **Science and technology for development (80 m ECU):** in this sector, the Community is implementing a programme of specially targeted research to help solve the problems of the Third World (for instance in agriculture and tropical medicine); the programme is directed towards a specific goal, namely to enhance the indigenous scientific capability of the developing countries by making laboratories in the North and South partners in joint projects.

7. **Marine science and technology (80 m ECU):** this programme aims to encourage marine sciences and technologies and pursue fisheries research. The purpose is to help establish a fund of scientific knowledge for the study, use, exploitation, and protection of Europe's coasts and coastal waters.

8. **Scientific and technical cooperation in Europe (288 m ECU):** this sector of activity includes numerous measures aimed at improving conditions of training and research for European scientists and to promote multidisciplinary projects, in particular;

- the 'stimulation' component(23) covering technological research projects in promising fields for the future; for instance, the BRAIN project (Basic Research in Adoptive Intelligence and Neurocomputing), which was launched in November 1987; a support plan (1988 - 1992) to facilitate access to large-scale scientific facilities of European interest is in preparation(24); the SCIENCE programme (1988 - 1992)(25) (SCIENCE = stimulation of the international cooperation and interchange needed by European research scientists), which was adopted by the Ministers for Research meeting within the Council on 29 June 1988; 7000 - 8000 researchers will be involved, on a full-time basis, by 1992;

- the 'assessment' component is intended to provide an instrument with which to survey future trends in science and technology and measure the social implications of the new technologies; among such measures are the Community's FAST programmes (Forecasting and Assessment in Science and Technology)(26).

Joint Research Centre (JRC)

For the practical purposes of the Single Act and the new R & D framework programme, the activities of the JRC, which carries out direct actions in the sphere of Community R & D, need to be reorganized. Basically, the JRC is to pursue its activities in the following four areas(27):

- implementation of specific multiannual programmes defined in the framework programme;
- support for scientific and technical work to assist the various Commission services;
- research or service contracts with third parties, both public and private;
- preparatory research to open up new fields.

This new strategy will entail significant reforms, extending to administration and budgetary management, the structure of the budget, and the decision-making process within the JRC. To this end, following reorganization, the JRC will be based around nine independent scientific institutes; the present matrix-type structure (projects, departments organized according to disciplines) is to be abolished and programme management taken over by a directorate-general in Brussels.

With regard to the use of the appropriations earmarked for the various work to be carried out in the period 1988 - 1991, the proportion allocated to the specific programmes falling within the scope of the framework programme will be cut from the present 87.2% to 61% in 1991. Conversely, the proportion of extra-budgetary appropriations used to finance the work carried out by the JRC for third parties will increase from 9.8% to 14% in 1991.

In the period covered by this report the EP has taken a close interest in reform of the JRC(28); at its meeting of 29 June 1988 the Council adopted a joint declaration on the new policy for the JRC(29). The final decision of the Council is expected in October 1988.

The EUREKA research initiative

EUREKA was an initiative of the French Government which was set up by a Conference of Technology Ministers on 17 July 1985(30). It was launched as a programme of civil research to identify, support and coordinate industrial and service projects in an attempt to secure the competitiveness and productivity of European high-tech industries. Currently the participants(20) are the twelve EC Member States, Austria, Finland, Iceland, Norway, Sweden, Switzerland, Turkey and the Commission of the European Communities. EUREKA has an institutional framework (rotating presidency, high-level representatives' group and Ministerial Conference) and a permanent secretariat, based in Brussels.

At present, then, EUREKA is pursuing the same goal as the Community's framework programme; the Commission's involvement provides a close link between Community research and EUREKA. EUREKA is not, however, a Community measure. The EP has taken a close interest in the EUREKA initiative during the period covered by this report(31).

Technological assessment and monitoring: the STOA project

The 18-month test phase of the STOA project (Scientific and Technological Option Assessment) is due to end in autumn 1988(32). It has since been decided to make STOA a permanent programme and, ultimately, a body which Parliament can consult on all science and technology matters.

Prospects

The adoption of the framework programme and the major specific research programmes referred to above (ESPRIT, RACE, BRITE, biotechnology, etc.) - albeit only after the resistance from numerous quarters had been overcome and with only very limited financial endowments - marks a clear step forward on the way to a new strategy for Community research policy. Whereas the energy sector unquestionably used to be the main focus of Community research, efforts are now being concentrated to a greater degree on industrial competitiveness, the aim being to enable the Community to hold its own more effectively, especially against the United States and Japan, and, through the encouragement provided for innovation, to help relieve the strain on the labour market. The EUREKA initiative (see above) will also generate new impetus for European

cooperation in the sphere of research. However, as the European Parliament in particular has never failed to point out in recent years, it is absolutely essential to embark on a sustained R & D effort at Community level. Europe's technological backwardness in some areas is due to the fact that it has frequently failed to apply certain discoveries and technologies to produce competitive goods that have won a place on the world market - especially against American and Japanese competition. Only joint efforts pursued at European level will afford a remedy to this situation and make it possible to exploit the R & D opportunities resulting from completion of the internal market.

- (1) Council resolution of 14 January 1974, OJ No. C 7, 29.1.1974
- (2) cf. in particular: Doc. A 2-155/86 (SALZER report) and the corresponding resolution of 8 December 1986, OJ No. C 7, 12.1.1987; EP resolutions of 22 January 1987 (OJ No. C 46, 23.2.1987) and 9 April 1987 (OJ No. C 125, 11.5.1987) and resolution of 17 September 1987 concerning the conciliation procedure, OJ No. C 281, 19.10.1987; cf. also the initial Commission proposal, COM(86) 430 final
- (3) Council Decision (85/516/Euratom, EEC) of 28 September 1987, OJ No. L 302, 24.10.1987
- (4) The projected overall budget of 5396 m ECU was initially made subject to a ceiling of 417 m ECU which has since been lifted; Council Decision (88/193/Euratom) of 28 March 1988, OJ NO. L 89, 6.4.1988
- (5) See the EP's fact sheets (PE 122.000), section III/S, for tables and fuller details on R & D spending in the Community countries and - for comparison - the United States and Japan
- (6) cf. Agence Europe, General News, No. 4820, 8.7.1988, p.5
- (7) Doc. A 2-240/87 (LIZIN report) and resolution (*) of 18 December 1987, OJ No. C 13, 18.1.1988; cf. also COM(87) 332 final; Council Decision (88/29/Euratom) of 21 December 1987, OJ No. L 16, 21.1.1988
- (8) Docs. A 2-118/87 and A 2-175/87 (SCHINZEL report) and resolutions (**I and **II) of 18 September 1987 (OJ No. C 281, 19.10.1987) and 28 October 1987 (OJ No. C 318, 30.11.1987); cf. also COM(86) 549 final/2; Council Decision (87/551/EEC) of 17 November 1987, OJ No. L 334, 24.11.1987
- (9) Docs. A 2-190/87 and A 2-270/87 (RINSCHKE report) and resolutions (**I and **II) of 18 November 1987 (OJ No. C 345, 21.12.1987) and 10 February 1988 (OJ No. C 68, 14.3.1988); cf. also COM(87) 313 final; on the ESPRIT programme, see section 10, 'Industrial policy'
- (10) Council Decision (88/279/EEC) of 11 April 1988, OJ No. L 118, 6.5.1988
- (11) cf. Council Decision (85/372/EEC) of 25 July 1985, OJ No. L 210, 7.8.1985
- (12) Docs. A 2-119/87 and A 2-195/87 (TURNER report) and resolutions (**I and **II) of 17 September 1987 (OJ No. C 281, 19.10.1987) and 18 November 1987 (OJ No. C 345, 21.12.1987); cf. COM(86) 547 final; Council Decision (88/28/EEC) of 14 December 1987, OJ No. L 16, 21.1.1988; see also section 10, 'Industrial policy'
- (13) Docs. A 2-321/87 and A 2-82/88 (TURNER report) and resolutions (**I and **II) of 11 March 1988 (OJ No. C 94, 11.4.1988) and 15 June 1988 (OJ No. C 187, 17.7.1987); Council Decision of 29 June 1988 (OJ No. L 206, 30.7.1988)
- (14) Docs. A 2-322/87 and A 2-84/88 (PEUS report) and resolutions (I and II) of 11 March 1988 (OJ No. C 94, 11.4.1988) and 15 June 1988 (OJ No. C 187, 17.7.1988); Council Decision of 29 June 1988 (OJ No. L 206, 30.7.1988)
- (15) Docs. A 2-191/87 and A 2-269/87 (STAVROU report) and resolutions (**I and **II) of 18 November 1987 (OJ No. C 345, 21.12.1987) and 10 February 1988 (OJ No. C 68, 14.3.1988); cf. also COM(87) 307 final; Council Decision (88/108/EEC) of 29 February 1988, OJ No. L 59, 4.3.1988

- (16) Docs. A 2-236/87 and A 2-25/88 (CIANCAGLINI report) and resolutions (**I and **II) of 16 December 1987 (OJ No. C 13, 18.1.1988) and 15 June 1988 (OJ No. C 187, 17.7.1988); cf. also COM(87) 444 final/2; Council Decision of 29 June 1988 (OJ No. L 206, 30.7.1988)
- (17) Docs. A 2-314/87 and A 2-87/88 (SANZ FERNANDEZ report) and resolutions (**I and **II) of 9 March 1988 (OJ No. C 94, 11.4.1988) and 15 June 1988 (OJ No. C 187, 17.7.1988); cf. also COM(87) 481 final/2; Council decision of 29 June 1988 (OJ No. L 206, 30.7.1988)
- (18) Doc. A 2-13/88 (ROBLES PIQUER report) and resolution of 19 May 1988 (OJ No. C 167, 27.6.1988)
- (19) cf. also section 24 above, 'Community energy policy'
- (20) Doc. A 2-320/87 (METTEN report) and resolution of 10 March 1988, OJ No. C 94, 11.4.1988; no agreement on a new programme could be reached when the Ministers for Research met within the Council on 28 June 1988; current research in the field of controlled thermonuclear fusion is based on the 1985 - 1989 research and training programme, Council Decision (85/201/EURATOM) of 12 March 1985, OJ No. L 83, 25.3.1985
- (21) Commission Decision (88/229/Euratom) of 26 February 1988, OJ No. L 102, 21.4.1988
- (22) Council Decision (85/198/EEC) of 12 March 1985, OJ No. L 83, 25.3.1985
- (23) Council Decision (85/197/EEC) of 12 March 1985 adopting a plan to stimulate European scientific and technical cooperation and interchange (1985 to 1988), OJ No. L 83, 25.3.1985
- (24) Doc. A 2-16/88 (PINTO report) and resolution (**I) of 18 May 1988, OJ No. C 167, 27.6.1988; cf. also COM(87) 319 final
- (25) Docs. A 2-268/87 and A 2-93/88 (SANZ FERNANDEZ report) and resolutions (**I and **II) of 10 February 1988 (OJ No. C 68, 14.3.1988) and 15 June 1988 (OJ No. C 187, 17.7.1988); Council Decision of 29 June 1988 (OJ No. L 206, 30.7.1988)
- (26) Doc. A 2-299/87 (VIEHOFF report) and resolution (**I) of 9 March 1988, OJ No. C 94, 11.4.1988; cf. also COM(87) 502 final/2 (proposal for a decision adopting the FAST III programme)
- (27) quoted from Doc. A 2-323/87, p.28
- (28) Doc. A 2-323/87 (LINKOHR report) and resolution (**I/*) of 9 March 1988, OJ No. C 94, 11.4.1988
- (29) Doc. C 2-92/88
- (30) quoted from Doc. A 2-50/88, pp. 11 - 12
- (31) Doc. A 2-50/88 (FORD report) and resolution of 20 May 1988, OJ No. C 167, 27.6.1988
- (32) cf. the initial EP resolution of 10 October 1985 (OJ No. C 288, 11.11.1985) on the establishment of a European Parliament Office for Scientific and Technological Option Assessment and the accompanying report, Doc. A 2-94/85 (LINKOHR report)

POLICY ON EDUCATION, CULTURE AND TOURISMI. EDUCATION POLICY

The problems inherent in education affect millions of Europeans, whether pupils, students, parents or teachers. Despite a slight fall in numbers in the early 1980s, the Community countries' educational systems encompass 58 million young people and approximately 3.5 million teachers.

Cooperation between the Community countries in the field of education is an integral part of the process of European integration, contributing to greater mutual understanding between them and the improvement of living and working conditions. This type of cooperation has become essential as a result of the economic crisis and the high unemployment level, which have given a new dimension to education policy, with particular regard to economic and socio-cultural conditions. The Community institutions are actively involved in this development, even though the Treaties establishing the Community do not refer specifically to these sectors.

However, if the spirit as well as the letter of these Treaties is to be honoured, Community action in this area is amply justified since the Community is responsible for the economic and social development of its Member States. Specific Community action is at all events justified under Article 57 of the EEC Treaty.

The policy of Community cooperation in the educational sector goes back just over ten years to 1974 when the first action programme presented by the Commission was drawn up. On that occasion, the Commission stated that its policy sought to preserve the special character of educational traditions and policies in each country; it did not seek to bring about the standardization of educational structures, methods or syllabuses. In the same year, a committee on education was set up comprising representatives from the Member States and the Commission with responsibility for drawing up an action programme and coordinating its operation.

As a result of its budgetary powers and the impact of its resolutions, the European Parliament undoubtedly played a primary role in the importance given to education.

The resolution of 20 November 1987(1) embodying the opinion of the European Parliament on the Commission's proposal to the Council concerning the adoption of an action programme for the training and preparation of young people for adult and working life and the resolution, adopted the same day(2), on the European dimension in schools have certainly produced results. Indeed, at the last meeting of the Council of Ministers for Education held in Brussels on 24 May 1988(3), the action programmes supporting both of these initiatives were adopted.

As regards the transition of young people from school to work, the ministers quickly adopted 'conclusions' following the final report presented by the Commission on the second action programme on this matter (1982 - 1987). These conclusions urge the Member States to develop policies aimed at:

- (1) narrowing the gap between school and work through the creation of dynamic partnerships between professional and economic bodies and schools, more active cooperation between schools and local businessmen by offering all students effective work experience and participation in projects likely to develop their ability to start up in business;
- (2) improving career guidance for students including further career guidance;
- (3) overcoming school failures by revising the methods used for assessing the weakest pupils, the use of apprenticeships, the introduction of (extra) remedial classes etc;
- (4) improving further training for teachers particularly with a view to closer contact with the world of business,
- (5) developing measures designed to raise the level of awareness, guidance and exchanges with a view to promoting equal opportunities for girls to follow non-traditional subjects including disciplines involving the new technologies;
- (6) increasing parent participation in the career guidance process and support for educational activities.

As regards the European dimension in education, the ministers adopted a resolution that provides for the following steps to be taken by the Member States; the integration of the European dimension into educational systems; its explicit inclusion in school programmes in all appropriate disciplines;

consideration to be given to the European dimension in teaching material; a number of measures designed to place greater emphasis on the European dimension in the initial and further training of teachers and the promotion of measures to stimulate contacts between students and teachers of different countries. A number of additional measures could help to strengthen the image of Europe in education: colloquies and seminars for educationalists, the twinning of schools and the creation of European clubs, participation by schools in festivities held to celebrate Europe Day (9 May) etc.

On 10 July 1987(4), the European Parliament also adopted, in the field of education, a resolution on open universities in the European Community in which it acknowledges the growing role of open universities as further training establishments for adults of all ages and in all walks of life. Another important initiative taken by the European Parliament in this field was the adoption, on 10 February 1988, of the resolution on the teaching and promotion of music in the European Community(5) in which Parliament requests that national laws on the teaching of music be harmonized to ensure that musical tuition is available in all establishments throughout the period of mandatory schooling and organized on an optional basis beyond this period.

II. CULTURAL POLICY

Given the complexity of European culture and the legitimate concern for protecting every aspect of it, the European Community has a special role to play.

In the first place, the Treaties entrust the Community with responsibility for uniting peoples and promoting social and economic development. Secondly, the cultural sector consists, on the one hand, of works and services, or rather goods and services, to which Community standards must be applied; on the other hand, it consists of artists, creators or performers who are entitled to benefit - like other groups of workers - from Community help in tackling their economic and social problems.

Since 1969, the Heads of State and Government of the Community have emphasized on several occasions the need for joint action in the cultural sector. The European Parliament has also taken an active and constant interest in this sector, which, more than any other, unites the peoples of the Community. In response to Parliament's pressing demands, the Commission set up in 1973 an administrative unit with responsibility for cultural matters. Furthermore, in 1982 the first informal meeting of Community ministers was held followed by official meetings from 1984 onwards.

This united approach has been productive and promising developments are now under way particularly in four areas: movement of cultural goods (radio-television programmes, films, works of art, artists' working instruments and books); improvement of artists' living and working conditions (freedom of movement and right of establishment, social security, protection of copyright, taxes, training of cultural workers, artist exchanges and support for artistic and cultural events); strengthening of means of communication (radio, television, cinema, concerts, theatre performances) in order to widen the circle of persons interested in cultural activities; and conservation of the architectural heritage.

However, these are obviously only the beginnings of practical action in this area. For this reason, the European Parliament itself took a number of initiatives in the period in question.

Thanks to the impact of its resolutions, the European Parliament undoubtedly exercises a major influence over the importance given to the measures in the cultural sector.

The resolution of 13 April 1988(6) embodying the European Parliament's opinion on the Commission's proposals concerning measures to promote European culture has certainly produced results. Indeed, at the last meeting of the Council of Ministers for Culture held in Brussels on 27 May 1988(7), it was decided that a European committee on cultural affairs consisting of representatives from the Commission and the Member States should be set up. This committee will enable contacts to be made at Community level and bilaterally between states. Furthermore, priorities were laid down for the European policy on culture. First comes the audio-visual industry, then the promotion of literature, training in the cultural sector and encouragement for the patronage of undertakings.

On 10 July 1987, the European Parliament also adopted a resolution on Community action in the book sector(8) in which it calls on the Commission to draw up a European statute on copyright, introduce a Community regulation to harmonize VAT on literature, and establish a Community fund for the translation of books of recognized importance and undoubted value into the different Community languages.

The Commission also intends to continue and intensify its cultural measures within the Community; it believes that a programme could be established in four main areas:

- creation of a 'European cultural area' within the framework of the Community-wide market

The aim here would be to achieve greater integration of the cultural dimension in Community measures in preparing the way for the opening in 1992 of a common economic area.

- promotion of the European audio-visual industry

The rate at which the socio-economic importance and cultural impact of the audio-visual industry is increasing reflects Europe's need to develop competitive production and distribution capacity, while preserving its cultural identity.

- access to cultural resources

With a view to making available to all European citizens every aspect of their cultural heritage, this involves high-priority measures to develop the various aspects, including linguistic aspects, of Europe's cultural potential.

- cultural training

Opportunities for cultural training should be open to everybody in every sector. Cultural training should be available not only as a guarantee for the maintenance of our traditions and support for artistic creativity, but also as the essential basic investment in human resources that will enable new generations of Europeans to adapt to the new technologies, particularly in the fields of information and communication.

III. POLICY ON TOURISM

The European Parliament has shown a keen interest in the implementation of a Community policy on tourism. It is aware of the economic and social consequences of the expected growth in the tourist sector and of its increasing impact on the national economies. It also realizes that tourism helps to develop a sense of common European identity. MEPs are aware of the difficulties and problems that their constituents may encounter while travelling within the Community, since these problems are often brought directly to their attention.

The first completely European report on tourism was drawn up by the Committee on Youth, Culture, Education, Information and Sport and, on the basis of this report, the European Parliament adopted a resolution on the subject on 16 December 1983(9). This resolution provided an important stimulus for the first concrete proposals for Community legislation on tourism. Indeed, the communication from the Commission entitled 'Community action in the field of tourism'(10) that accompanied these first proposals took up various points made in Parliament's first report.

Parliament amended the budget for the 1986 financial year with a view to entering an appropriation of 340 000 ECU for measures in the field of tourism. In the preliminary draft budget for that year, no appropriation had been provided for expenditure under this heading. These appropriations were used by the Commission to finance, inter alia, a publicity campaign in the United States to promote Europe's image as a holiday destination.

The initial proposals for Community legislation were adopted by the Council in December 1986 after Parliament had delivered a favourable opinion(11). This legislation established a harmonized information system on existing hotels, introduced a coordination and consultation process in the field of tourism, and helped bring about a more effective geographical and seasonal distribution of tourism.

In April 1987, Parliament's Committee on Youth, Culture, Education, Information and Sport held a public hearing with several experts on tourism including representatives of national tourist authorities, representatives of the tourist industry and spokesmen for consumer organizations. The public hearing cleared up several aspects of problems currently under discussion in the tourist industry and enabled the members of the Committee on Youth, Culture, Education, Information and Sport to increase their understanding of matters connected with the development of a key industry for the future of Europe.

On 22 January 1988, the European Parliament, wishing to encourage a more active commitment on the part of the Community in the tourism sector, adopted a resolution(12) that proposes:

- measures to facilitate tourism by coordinated legal and administrative action to eliminate existing obstacles to the free, easy and safe movement of Community citizens between Member States;

- promotion by information campaigns, studies and public relations;
- financing by a more effective use of the financial instruments existing in the Community;
- protection of the working conditions of persons employed in the tourism sector and in associated industries.

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- (1) OJ No. C 345, 21.12.1987
 - (2) OJ No. C 345, 21.12.1987
 - (3) Press release 6371/88 (Press 72)
 - (4) OJ No. C 246, 14.9.1987
 - (5) OJ No. C 68, 14.3.1988
 - (6) OJ No. C 122, 9.5.1988
 - (7) Press release 6518/88 (Press 72)
 - (8) OJ No. C 246, 14.9.1987 - Doc. A 2-76/87
 - (9) OJ No. C 10, 16.1.1984 - Doc. 1-816/83
 - (10) Bulletin of the European Communities, supplement 4/86
 - (11) Doc. A 2-172/86
 - (12) OJ No. C 49, 22.2.1988.

A PEOPLE'S EUROPE1. General comments

The European Council, meeting at Fontainebleau on 25 and 26 June 1984, considered it essential that the Community should adopt measures to strengthen and promote its identity and its image both for its citizens and for the rest of the world. An ad hoc committee, composed of representatives of the Heads of State or Government of the Member States was set up to prepare and coordinate this action. The committee, chaired by Mr P. Adonnino, has issued two reports(1).

The first report deals with immediate measures: freedom of movement for Community citizens, freedom of movement of goods, wider opportunities for employment and residence and administrative formalities for border-area traffic.

The second (and final) report submitted to the Milan European Council on 28 and 29 June 1985 deals both with specific proposals to be implemented without delay and with longer-term objectives which would make the Community more of a reality for its citizens. These proposals concern the special rights of citizens, culture and communication, information, youth, education and sport, health, social security and drugs, and the strengthening of the Community's image and identity.

Throughout the Communities' history, the European Parliament has drawn the attention of the Council, the Commission and the Member States to the need to define a policy which involved the citizen in everyday life and made Europe into a living Community. Accordingly, it has laid great stress on the need for rapid implementation of the proposals of the ad hoc Committee on a People's Europe(2).

In introducing the Commission's work programme for 1988(3), President Delors emphasized that 'a large frontier-free area and balanced economic and social progress will not be enough to make Europe a tangible reality. Each and every Community citizen needs to feel bound by the links which unite European society'.

On its side, the European Parliament has continued its efforts to improve the procedure for dealing with petitions. It has opened consultations with the Commission and the Council which should result in an exchange of letters or a joint Declaration confirming the Commission's role of providing information and binding the Council to ensure cooperation from the national authorities when the cases brought up by the petitions are considered.

2. Current measures

(a) Removal of physical frontiers

On 18 December 1987 the European Parliament adopted a resolution on the elimination of bureaucratic obstacles to transport created by differences in regulations concerning reserve petrol cans(4).

(b) Freedom of movement for persons

On 13 April 1988, the European Parliament adopted a resolution approving better protection of social security schemes for employed or self-employed persons and their families(5).

In its resolution of 15 October 1987 on the completion of the internal market(6), the European Parliament deplored the delay in implementing the Commission's White Paper proposals and the lack of progress on freedom of movement and the People's Europe.

(c) Tourism

On 22 January 1988, the European Parliament adopted a resolution on facilitation, promotion and funding of tourism in the European Community(7), calling for Community action in this field to be stepped up, and proposing that 1990 be designated 'European Year of the Traveller'.

The European Parliament also suggested the drawing up of a 'travellers' charter' of Community citizens' rights, including:

- social security and pension provisions,
- medical and health care rights,

- rights of establishment, to provide services and for those seeking work,
- rights to legal aid, access to justice and compensation,
- rights regarding duty-free purchases and VAT on cross-border transfers of personal possessions.

On 15 April 1988 it also adopted a resolution on town-twinning schemes between local and regional authorities in the Community(8), emphasizing the need 'to step up contacts between citizens of different Member States, respecting their traditions and culture'.

(d) Legal protection

On 15 December 1987, Parliament adopted a resolution on the right of citizens of the EC Member States to vote in local elections(9). This matter should be the subject of a proposal from the Commission in the near future.

On 22 January 1988, the European Parliament adopted a resolution on the publication of information on the management of the Community(10), in which it 'takes the view that the right to information is one of the fundamental freedoms of the people of Europe'. It called on the Commission to draw up proposals for the publishing of information on the management of the Community.

On 20 January 1988 it also approved a legislative resolution on broadcasting activities(11), proposing a limit on advertising time, a right of reply and an arbitration procedure on authors' rights.

In a resolution adopted on 22 January 1988(12), the European Parliament also expressed concern at vandalism and violence in sport, advocating social measures for the benefit of young people and greater transparency in respect of financial and commercial transactions in the sporting world.

On 15 December 1987, it adopted a legislative resolution embodying its opinion on the proposal from the Commission to the Council for a recommendation relating to ratification by Member States of the Convention of 25 October 1980 designed to facilitate international access to the courts(13).

Finally, on 9 February 1988, the European Parliament adopted a resolution to call attention to the revival of fascism and racism in Europe(14).

(e) Education

The European Parliament supported the Commission's measures to implement a programme of action for the training and preparation of young people for adult and working life.

In a resolution of 10 July 1987(15), it also proposed the promotion of open universities, as places of continuing education for adults of all ages and backgrounds.

3. Health - drugs

(a) Health

Concerned by the spread of AIDS, the European Parliament supported the programme for coordinating medical and health research proposed by the Commission for the period 1987-1991 with a budget of 65 m ECU, half of which will go towards cancer and AIDS research. This programme complements the Council's decision to reject frontier controls and all systematic checks and to coordinate measures undertaken at national level.

The Commission has also proposed a Community programme to combat AIDS in developing countries.

In its legislative resolution of 11 February 1988(16), the European Parliament approved the measures proposed on information for the general public and training of the health professions in the context of the 'Europe against Cancer' programme.

It also adopted a resolution on stepping up action against smoking(17), stressing the need for measures on prevention, information and public awareness.

(b) Drugs

On 17 December 1987, the European Parliament adopted four resolutions(18) proposing action against synthetic drugs, the strengthening of frontier controls and cooperation between the customs authorities and the police, calling for information and health education campaigns to be launched at Community and national levels and asking the Member States to submit binding proposals in the field of drug trafficking.

- (1) EC Bulletin - Supplement 7/85
- (2) OJ No. C 345, 31.12.1985
- (3) EC Bulletin - Supplement 1/88
- (4) OJ No. C 13, 18.1.1988
- (5) OJ No. C 122, 9.5.1988
- (6) OJ No. C 305, 16.11.1987
- (7) OJ No. C 49, 22.2.1988
- (8) OJ No. C 122, 9.5.1988
- (9) OJ No. C 13, 18.1.1988
- (10) OJ No. C 49, 22.2.1988
- (11) OJ No. C 49, 22.2.1988
- (12) OJ No. C 49, 22.2.1988
- (13) OJ No. C 13, 18.1.1988
- (14) OJ No. C 68, 14.3.1988
- (15) OJ No. C 246, 14.9.1987
- (16) OJ No. C 68, 14.3.1988
- (17) OJ No. C 68, 14.3.1988
- (18) OJ No. C 13, 18.1.1988

